

SENATE BILL 516

A1, J1, Q4

EMERGENCY BILL

3lr2933
CF HB 556

By: **Senators Feldman and Hayes**

Introduced and read first time: February 3, 2023

Assigned to: Finance and Budget and Taxation

A BILL ENTITLED

AN ACT concerning

Cannabis Reform

FOR the purpose of renaming the Alcohol and Tobacco Commission to be the Alcohol, Tobacco, and Cannabis Commission; establishing a regulatory and licensing system for adult–use cannabis under the Commission; imposing the sales and use tax on the sale of adult–use cannabis at certain rates in certain fiscal years; establishing the Office of Social Equity, the Advisory Board on Medical and Adult–Use Cannabis, and the Social Equity Partnership Grant Fund in the Commission; altering provisions of law relating to the Community Reinvestment and Repair Fund; establishing the Cannabis Regulation and Enforcement Division in the Commission; requiring the Division to establish and maintain a State cannabis testing laboratory; establishing the Cannabis Regulation and Enforcement Fund as a special, nonlapsing fund; requiring that the investment earnings of the Cannabis Regulation and Enforcement Fund be credited to the Fund; repealing certain provisions of law establishing and governing the Natalie M. LaPrade Medical Cannabis Commission; requiring the Division, rather than the Natalie M. LaPrade Medical Cannabis Commission, to take certain actions related to medical cannabis; requiring the Division, on or before a certain date and under certain circumstances, to convert medical cannabis licenses to licenses to operate a medical and adult–use cannabis business; regulating the actions that local jurisdictions may take regarding cannabis businesses; prohibiting certain individuals from taking certain actions related to cannabis licensees and registrants; establishing the Medical Cannabis Compassionate Use Fund as a special, nonlapsing fund; requiring that the interest earnings of the Medical Cannabis Compassionate Use Fund be credited to the Fund; authorizing certain entities to register with the Division to purchase cannabis for research purposes; establishing prohibitions related to the advertising of cannabis and cannabis products; requiring a person to be approved by the Division to offer a certain training program; establishing certain legal protections related to the use of cannabis; establishing a Capital Access Program in the Department of Commerce; establishing certain prohibitions related to banking by cannabis businesses; altering certain provisions of law relating to the Cannabis Business Assistance Fund; exempting the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Commission from State procurement requirements under certain circumstances; requiring a cannabis licensee, under certain circumstances, to comply with the State's Minority Business Enterprise Program; and generally relating to medical and adult-use cannabis.

BY repealing

Article – Health – General

Section 13–3301 through 13–3316 and the subtitle “Subtitle 33. Natalie M. LaPrade Medical Cannabis Commission”

Annotated Code of Maryland

(2019 Replacement Volume and 2022 Supplement)

BY repealing

Article – Health – General

The subtitle designation “Subtitle 46. Community Reinvestment and Repair Fund” immediately preceding Section 13–4601

Annotated Code of Maryland

(2019 Replacement Volume and 2022 Supplement)

(As enacted by Chapter 26 of the Acts of the General Assembly of 2022)

BY transferring

Article – Health – General

Section 13–4601

Annotated Code of Maryland

(2019 Replacement Volume and 2022 Supplement)

(As enacted by Chapter 26 of the Acts of the General Assembly of 2022)

to be

Article – Alcoholic Beverages

Section 1–322

Annotated Code of Maryland

(2016 Volume and 2022 Supplement)

BY repealing and reenacting, without amendments,

Article – Alcoholic Beverages

Section 1–101(a)

Annotated Code of Maryland

(2016 Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,

Article – Alcoholic Beverages

Section 1–101(f) and (q); and 1–302, 1–303(a), 1–304, 1–307 through 1–310, and 1–313 to be under the amended subtitle “Subtitle 3. Alcohol, Tobacco, and Cannabis Commission”

Annotated Code of Maryland

(2016 Volume and 2022 Supplement)

BY adding to

Article – Alcoholic Beverages

Section 1–309.1, 1–309.2, and 1–323; and 36–101 through 36–1507 to be under the new division “Division III. Cannabis”

Annotated Code of Maryland
(2016 Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,

Article – Alcoholic Beverages

Section 1–322

Annotated Code of Maryland
(2016 Volume and 2022 Supplement)
(As enacted by Section 3 of this Act)

BY adding to

Article – Tax – General

Section 2–1302.2, 11–104(k), and 11–245

Annotated Code of Maryland
(2022 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 2–1303

Annotated Code of Maryland
(2022 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 5–1901

Annotated Code of Maryland
(2018 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement

Section 6–226(a)(2)(i)

Annotated Code of Maryland
(2021 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement

Section 6–226(a)(2)(ii)170. and 171.

Annotated Code of Maryland
(2021 Replacement Volume and 2022 Supplement)

BY adding to

Article – State Finance and Procurement

Section 6–226(a)(2)(ii)172. and 173.

Annotated Code of Maryland

(2021 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,
 Article – Health – General
 Section 13–4505
 Annotated Code of Maryland
 (2019 Replacement Volume and 2022 Supplement)

BY renaming
 Article – Alcoholic Beverages
 to be Article – Alcoholic Beverages and Cannabis
 Annotated Code of Maryland
 (2016 Volume and 2022 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 13–3301 through 13–3316 and the subtitle “Subtitle 33. Natalie M. LaPrade Medical Cannabis Commission” of Article – Health – General of the Annotated Code of Maryland be repealed.

SECTION 2. AND BE IT FURTHER ENACTED, That the subtitle designation “Subtitle 46. Community Reinvestment and Repair Fund.” immediately preceding § 13–4601 of the Health – General Article be repealed.

SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 13–4601 of Article – Health – General of the Annotated Code of Maryland be transferred to be Section(s) 1–322 of Article – Alcoholic Beverages of the Annotated Code of Maryland.

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Alcoholic Beverages

1–101.

(a) In this article the following words have the meanings indicated.

(f) “Commission” means the Alcohol [and], Tobacco, AND CANNABIS Commission.

(q) (1) “License holder” means the holder of [a] AN ALCOHOLIC BEVERAGE license issued or a permit granted under this article.

(2) “License holder” includes:

(i) a county liquor control board and a county dispensary; and

(ii) for the delivery and billing purposes of Title 2, Subtitle 3 and §§

2–213 and 2–314 of this article, a corporation on behalf of which an individual has obtained a license.

Subtitle 3. Alcohol [and], Tobacco, AND CANNABIS Commission.

1–302.

There is an Alcohol [and], Tobacco, AND CANNABIS Commission.

1–303.

(a) (1) The Commission consists of [five] SEVEN members to be appointed by the Governor with the advice and consent of the Senate.

(2) The presiding officer of either House of the General Assembly may recommend to the Governor a list of individuals for appointment to the Commission.

(3) Of the Commission members:

(i) one shall be knowledgeable and experienced in public health matters;

(ii) one shall be knowledgeable and experienced in law enforcement matters;

(iii) one shall be knowledgeable and experienced in the alcoholic beverages industry; [and]

(IV) TWO SHALL BE KNOWLEDGEABLE AND EXPERIENCED IN THE CANNABIS INDUSTRY; AND

[(iv)] (V) two shall be members of the public who are knowledgeable and experienced in fiscal matters and shall have substantial experience:

1. as an executive with fiduciary responsibilities in charge of a large organization or foundation;

2. in an academic field relating to finance or economics; or

3. as an accountant, an economist, or a financial analyst.

(4) In addition to the members appointed under paragraph (3) of this subsection, the Secretary of Health and the Secretary of State Police, or their designees, may participate in the Commission as ex officio nonvoting members.

1–304.

(a) A member of the Commission may not:

(1) have a direct or indirect financial interest, ownership, or management, including holding any stocks, bonds, or other similar financial interests, in the alcohol [or], tobacco, **OR CANNABIS** industries;

(2) have an official relationship to a person who holds a license or permit under this article or Title 16, Title 16.5, Title 16.7, or Title 16.9 of the Business Regulation Article;

(3) be an elected official;

(4) receive or share in, directly or indirectly, the receipts or proceeds of any activities conducted in the alcohol [or], tobacco, **OR CANNABIS** industries;

(5) have a beneficial interest in any contract for the manufacture or sale of any device or product or the provision of any independent consulting services in connection with a holder of a license or permit issued under this article or Title 16, Title 16.5, Title 16.7, or Title 16.9 of the Business Regulation Article; or

(6) accept a contribution of money or property worth at least \$100 from an entity or individual associated with the alcohol [or], tobacco, **OR CANNABIS** industries with respect to the regulation of alcohol [or], tobacco, **OR CANNABIS**.

(b) A member of the Commission shall file a financial disclosure statement with the State Ethics Commission in accordance with Title 5, Subtitle 6 of the General Provisions Article.

1-307.

(a) The Commission has the powers and duties set forth in this section.

(b) The Commission shall:

(1) educate the public, by resource sharing and serving as an information clearinghouse, on such topics as:

(i) recent increases in alcohol content for popular beer and other beverages;

(ii) the proper limits of drinking for adults;

(iii) the adverse consequences of surpassing those limits;

(iv) parental or adult responsibility for serving alcohol to underage individuals; and

(v) comparable topics relating to smoking, vaping, tobacco, other tobacco products, [and] electronic nicotine delivery systems, **CANNABIS, AND CANNABIS PRODUCTS**; and

(2) subject to federal approval, ensure that all alcoholic beverages sold in the State with an alcohol content exceeding 4.5% by volume bear a large and conspicuous label stating the percentage of alcohol content.

(c) (1) The Commission shall conduct studies of:

(i) the operation and administration of similar laws in other states or countries; and

(ii) federal laws that may affect the operation of the alcohol [or], tobacco, **OR CANNABIS** industries, the literature on those industries, and the reaction of residents of the State to existing and potential features of those industries.

(2) The Commission shall submit to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly the studies required under this subsection.

1–308.

The Commission shall develop best practices for:

(1) the dedication of a minimum effective portion of the budget of a local licensing board to administrative enforcement activities, such as inspections, compliance checks, overservice, operations, and trade practice violations;

(2) the carrying out of compliance checks for alcoholic beverages licenses, in which each license is checked at least once a year;

(3) the development of guidelines for the minimum capacity of inspections carried out by inspectors of local licensing boards, based on the number and type of licensed outlets in the licensing jurisdiction;

(4) ensuring that alcoholic beverages inspections be based on data such as the violation history of the license holder, and calls for emergency assistance, emergency medical service, or nonemergency service, so that resources are being allocated based on where the greatest need is;

(5) the reporting of aggregate data between local police and local licensing boards;

(6) the development of mandatory State–provided training for liquor inspectors;

(7) reporting by the State to the affected local licensing board of a State-issued license or permit within 10 days after the State receives an application;

(8) the development of a public health impact statement for all changes to the State alcoholic beverages laws; [and]

(9) ensuring that:

(i) all license holders, managers, and servers receive certification from an approved alcohol awareness program; and

(ii) at least one employee who is certified in an alcohol awareness program be on the licensed premises at all times when alcoholic beverages are served;

(10) REGULATING THE CANNABIS INDUSTRY AND IMPLEMENTING PUBLIC HEALTH MEASURES RELATING TO CANNABIS; AND

(11) REGULATING, TO THE EXTENT POSSIBLE, MEDICAL AND ADULT-USE CANNABIS IN A SIMILAR MANNER.

1-309.

(a) With the advice and consent of the Senate, the Governor shall appoint an Executive Director of the Commission.

(b) The Executive Director serves at the pleasure of the Governor.

(c) The Executive Director shall:

(1) have the training and experience, including knowledge of the Maryland alcohol, **TOBACCO, AND CANNABIS** regulatory system, that is needed to direct the work of the Commission;

(2) be a sworn police officer with the powers granted to an officer or employee of the Field Enforcement Division under § 1-313 of this subtitle; and

(3) devote full time to the duties of office and may not engage in another profession or occupation.

(d) The Executive Director is entitled to the salary provided in the State budget.

1-309.1.

(A) THERE IS AN OFFICE OF SOCIAL EQUITY WITHIN THE COMMISSION.

(B) (1) THE GOVERNOR SHALL APPOINT AN EXECUTIVE DIRECTOR OF THE OFFICE OF SOCIAL EQUITY.

(2) THE EXECUTIVE DIRECTOR OF THE OFFICE OF SOCIAL EQUITY SHALL HAVE AT LEAST 5 YEARS OF EXPERIENCE IN CIVIL RIGHTS ADVOCACY, CIVIL RIGHTS LITIGATION, OR ANOTHER AREA OF SOCIAL JUSTICE.

(C) THE OFFICE OF SOCIAL EQUITY MAY EMPLOY STAFF AND RETAIN CONTRACTORS AS MAY BE REQUIRED TO CARRY OUT THE FUNCTIONS OF THE OFFICE.

(D) THE OFFICE OF SOCIAL EQUITY SHALL:

(1) PROMOTE AND ENCOURAGE FULL PARTICIPATION IN THE REGULATED CANNABIS INDUSTRY BY PEOPLE FROM COMMUNITIES THAT HAVE PREVIOUSLY BEEN DISPROPORTIONATELY HARMED BY THE WAR ON DRUGS IN ORDER TO POSITIVELY IMPACT THOSE COMMUNITIES;

(2) CONSULT WITH AND ASSIST THE COMPTROLLER IN THE ADMINISTRATION OF THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER § 1-322 OF THIS SUBTITLE;

(3) CONSULT WITH AND ASSIST THE DEPARTMENT OF COMMERCE IN THE ADMINISTRATION OF THE CANNABIS BUSINESS ASSISTANCE FUND UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE;

(4) IDENTIFY AND OPPOSE REGULATIONS THAT UNNECESSARILY BURDEN OR UNDERMINE THE LEGISLATIVE INTENT OF THE OFFICE, INCLUDING REGULATIONS THAT IMPOSE UNDUE RESTRICTIONS OR FINANCIAL REQUIREMENTS;

(5) PROVIDE RECOMMENDATIONS TO THE COMMISSION ON REGULATIONS RELATED TO:

(I) DIVERSITY; AND

(II) SOCIAL EQUITY APPLICATIONS;

(6) WORK WITH THE COMMISSION TO IMPLEMENT FREE TECHNICAL ASSISTANCE FOR SOCIAL EQUITY AND MINORITY CANNABIS BUSINESS APPLICANTS;

(7) PRODUCE REPORTS AND RECOMMENDATIONS ON DIVERSITY AND EQUITY IN OWNERSHIP, MANAGEMENT, AND EMPLOYMENT IN THE LEGAL CANNABIS ECONOMY;

(8) ASSIST BUSINESSES WITH OBTAINING FINANCING THROUGH THE CAPITAL ACCESS PROGRAM UNDER TITLE 36, SUBTITLE 14 OF THIS ARTICLE; AND

(9) DETERMINE WHICH INDIVIDUALS AND ENTITIES SHALL BE GRANTED LOANS OR GRANTS FROM THE CANNABIS BUSINESS ASSISTANCE FUND UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(E) ON OR BEFORE MARCH 1 EACH YEAR, THE OFFICE OF SOCIAL EQUITY SHALL PRODUCE AND MAKE PUBLICLY AVAILABLE A REPORT ON HOW THE FUNDS IN THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER § 1-322 OF THIS SUBTITLE AND THE CANNABIS BUSINESS ASSISTANCE FUND UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE WERE ALLOCATED DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR.

(F) (1) ON OR BEFORE NOVEMBER 1 EACH YEAR, THE OFFICE OF SOCIAL EQUITY SHALL SOLICIT PUBLIC INPUT ON THE USES OF THE FUNDS IN THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER § 1-322 OF THIS SUBTITLE AND THE CANNABIS BUSINESS ASSISTANCE FUND UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(2) ON OR BEFORE DECEMBER 15 EACH YEAR, THE OFFICE OF SOCIAL EQUITY SHALL PUBLISH A REVIEW OF THE INPUT RECEIVED UNDER PARAGRAPH (1) OF THIS SUBSECTION ON A PUBLICLY ACCESSIBLE PART OF THE COMMISSION'S WEBSITE.

1-309.2.

(A) IN THIS SECTION, "ADVISORY BOARD" MEANS THE ADVISORY BOARD ON MEDICAL AND ADULT-USE CANNABIS.

(B) THERE IS AN ADVISORY BOARD ON MEDICAL AND ADULT-USE CANNABIS.

(C) THE ADVISORY BOARD SHALL:

(1) CONSIDER ALL MATTERS SUBMITTED TO IT BY THE COMMISSION, THE GOVERNOR, THE CANNABIS REGULATION AND ENFORCEMENT DIVISION, OR THE GENERAL ASSEMBLY; AND

(2) ON ITS OWN INITIATIVE, PROVIDE RECOMMENDATIONS TO THE COMMISSION OR THE CANNABIS REGULATION AND ENFORCEMENT DIVISION ESTABLISHED UNDER § 36-201 OF THIS ARTICLE REGARDING GUIDELINES, RULES,

AND REGULATIONS THAT THE ADVISORY BOARD CONSIDERS IMPORTANT OR NECESSARY FOR REVIEW AND CONSIDERATION BY THE COMMISSION OR THE CANNABIS REGULATION AND ENFORCEMENT DIVISION.

(D) THE ADVISORY BOARD CONSISTS OF:

(1) THE DIRECTOR OF THE CANNABIS REGULATION AND ENFORCEMENT DIVISION, WHO SHALL SERVE AS CHAIR OF THE ADVISORY BOARD; AND

(2) THE FOLLOWING MEMBERS, APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE:

(I) THREE MEMBERS THAT HAVE SUBSTANTIAL EXPERIENCE IN ONE OR MORE OF THE FOLLOWING:

- 1. CANNABIS LAW, SCIENCE, OR POLICY;**
- 2. PUBLIC HEALTH OR HEALTH CARE;**
- 3. AGRICULTURE;**
- 4. FINANCE; OR**
- 5. ADDICTION TREATMENT;**

(II) ONE ACADEMIC RESEARCHER WITH AT LEAST 5 YEARS OF EXPERIENCE IN SOCIAL OR HEALTH EQUITY;

(III) ONE REPRESENTATIVE OF AN INDEPENDENT TESTING LABORATORY REGISTERED UNDER § 36-408 OF THIS ARTICLE;

(IV) THREE REPRESENTATIVES WHO HOLD A STANDARD GROWER, PROCESSOR, OR DISPENSARY LICENSE UNDER § 36-401 OF THIS ARTICLE;

(V) THREE REPRESENTATIVES WHO HOLD A MICRO GROWER, PROCESSOR, OR DISPENSARY LICENSE UNDER § 36-401 OF THIS ARTICLE;

(VI) ONE REPRESENTATIVE OF AN ORGANIZATION THAT ADVOCATES ON BEHALF OF PATIENTS WHO ENGAGE IN THE MEDICAL USE OF CANNABIS;

(VII) ONE REPRESENTATIVE OF AN ORGANIZATION THAT

ADVOCATES ON BEHALF OF CONSUMERS WHO ENGAGE IN THE ADULT USE OF CANNABIS; AND

(VIII) ONE HEALTH CARE PROVIDER WHO IS REGISTERED TO CERTIFY PATIENTS TO OBTAIN MEDICAL CANNABIS UNDER § 36-301 OF THIS ARTICLE.

(E) THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE MAY RECOMMEND TO THE GOVERNOR A LIST OF INDIVIDUALS FOR APPOINTMENT TO THE ADVISORY BOARD.

(F) (1) THE TERM OF A MEMBER OF THE ADVISORY BOARD IS 4 YEARS.

(2) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

(3) AN APPOINTED MEMBER MAY NOT SERVE MORE THAN TWO FULL TERMS.

(G) AN APPOINTED MEMBER OF THE ADVISORY BOARD MUST BE:

(1) AT LEAST 25 YEARS OLD;

(2) A RESIDENT OF THE STATE WHO HAS RESIDED IN THE STATE FOR AT LEAST THE IMMEDIATELY PRECEDING 5 YEARS BEFORE THE APPOINTMENT; AND

(3) A REGISTERED VOTER OF THE STATE.

(H) THE ADVISORY BOARD SHALL ESTABLISH AT LEAST TWO SUBCOMMITTEES TO FOCUS ON MEDICAL AND ADULT-USE CANNABIS.

(I) TO THE EXTENT PRACTICABLE AND CONSISTENT WITH FEDERAL AND STATE LAW, THE MEMBERSHIP OF THE ADVISORY BOARD SHALL REFLECT THE RACIAL, ETHNIC, AND GENDER DIVERSITY OF THE STATE.

1-310.

The Executive Director and all employees in the Office of the Executive Director may not accept a contribution of money or property worth at least \$100 from an entity or individual associated with the alcohol [or], tobacco, OR CANNABIS industries with respect to regulation of alcohol [or], tobacco, OR CANNABIS.

1-313.

(a) There is a Field Enforcement Division in the Office of the Executive Director.

(b) (1) The Field Enforcement Division may employ officers and employees as provided in the State budget.

(2) The officers and employees of the Field Enforcement Division:

(i) shall be sworn police officers;

(ii) shall have the powers, duties, and responsibilities of peace officers to enforce the provisions of this article relating to:

1. the unlawful importation of alcoholic beverages [and], tobacco, AND CANNABIS into the State;

2. the unlawful manufacture of alcoholic beverages [and], tobacco, AND CANNABIS in the State;

3. the transportation and distribution throughout the State of alcoholic beverages [and], tobacco, AND CANNABIS that are manufactured illegally and on which any alcoholic beverages taxes [or], tobacco taxes, OR CANNABIS TAXES imposed by the State are due and unpaid; and

4. the manufacture, sale, barter, transportation, distribution, or other form of owning, handling, or dispersing alcoholic beverages [or], tobacco, OR CANNABIS by any person not licensed or authorized under this article, provisions of the Tax – General Article relating to alcoholic beverages [or], tobacco, OR CANNABIS, or provisions of the Business Regulation Article relating to tobacco; and

(iii) may make cooperative arrangements for and work and cooperate with the Office of the Comptroller, local State's Attorneys, sheriffs, bailiffs, police, and other prosecuting and peace officers to enforce this article.

(c) The Field Enforcement Division:

(1) shall consult with and advise the local State's Attorneys and other law enforcement officials and police officers regarding enforcement problems in their respective jurisdictions; and

(2) may recommend changes to improve the administration of this article, provisions of the Tax – General Article relating to alcoholic beverages [and], tobacco, AND CANNABIS, and provisions of the Business Regulation Article relating to tobacco.

1-322.

(a) (1) There is a Community Reinvestment and Repair Fund.

(2) The purpose of the Fund is to provide funds to community-based organizations that serve communities determined by **THE OFFICE OF SOCIAL EQUITY, IN CONSULTATION WITH** the Office of the Attorney General, to have been the most impacted by disproportionate enforcement of the cannabis prohibition before July 1, 2022.

(3) The Comptroller shall administer the Fund.

(4) (i) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(ii) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(5) The Fund consists of:

(i) [Revenue distributed to the Fund that is at least 30% of the revenues from adult-use cannabis] **SALES AND USE TAX REVENUE DISTRIBUTED TO THE FUND UNDER § 2-1302.2 OF THE TAX – GENERAL ARTICLE;**

(ii) [Licensing] **CONVERSION** fees paid by [dual-licensed cannabis establishments] **BUSINESSES UNDER § 36-403 OF THIS ARTICLE;** and

(iii) [Any] **ANY** other money from any other source accepted for the benefit of the Fund, in accordance with any conditions adopted by the Comptroller for the acceptance of donations or gifts to the Fund.

(6) (i) The Fund may be used only for:

1. [Funding] **FUNDING** community-based initiatives intended to benefit low-income communities;

2. [Funding] **FUNDING** community-based initiatives that serve [communities disproportionately harmed by the cannabis prohibition and enforcement] **DISPROPORTIONATELY IMPACTED AREAS, AS DEFINED IN § 36-101 OF THIS ARTICLE;** and

3. [Any] **ANY** related administrative expenses.

(ii) Money may not be expended from the Fund for law enforcement agencies or activities.

(iii) Money expended from the Fund is supplemental to and may not supplant funding that otherwise would be appropriated for preexisting local government programs.

(7) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(8) No part of the Fund may revert or be credited to:

- (i) ~~[The]~~ **THE** General Fund of the State; or
- (ii) ~~[Any]~~ **ANY** other special fund of the State.

(9) The Comptroller shall pay out money from the Fund.

(10) The Fund is subject to audit by the Office of Legislative Audits as provided for in § 2-1220 of the State Government Article.

(b) (1) The Comptroller shall distribute funds from the Fund to each county in an amount that, for the period from July 1, 2002, to ~~[June 30, 2022]~~ **JANUARY 1, 2023**, both inclusive, is proportionate to the total number of ~~[cannabis arrests in the county compared to the total number of cannabis arrests in the State]~~ **INDIVIDUALS RESIDING IN THE COUNTY WHO WERE CHARGED WITH A CANNABIS CRIME COMPARED TO THE TOTAL NUMBER OF INDIVIDUALS CHARGED WITH CANNABIS CRIMES IN THE STATE.**

(2) (i) Subject to the limitations under subsection (a)(6) of this section, each county shall adopt a law establishing the purpose for which money received from the Fund may be used.

(ii) On or before December 1 every 2 years, beginning in 2024, each local jurisdiction shall submit a report to the Governor and, in accordance with § 2-1257 of the State Government Article, the Senate Budget and Taxation Committee~~], the Senate Finance Committee, the House Judiciary Committee, and the House Health and Government Operations Committee]~~ **AND THE HOUSE APPROPRIATIONS COMMITTEE** on how funds received from the Fund were spent during the immediately preceding 2 fiscal years.

1-323.

(A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(2) **“CANNABIS LICENSEE” HAS THE MEANING STATED IN § 36-101 OF THIS ARTICLE.**

(3) **“DIVISION” HAS THE MEANING STATED IN § 36-101 OF THIS ARTICLE.**

(4) **“GRANT PROGRAM” MEANS THE SOCIAL EQUITY PARTNERSHIP**

GRANT PROGRAM.

(5) (I) “QUALIFYING PARTNERSHIP” MEANS A MEANINGFUL PARTNERSHIP BETWEEN AN OPERATIONAL CANNABIS LICENSEE AND A SOCIAL EQUITY LICENSEE THAT:

1. SUPPORTS OR ADVISES THE SOCIAL EQUITY LICENSEE; AND

2. IS AUTHORIZED BY THE COMMISSION.

(II) “QUALIFYING PARTNERSHIP” INCLUDES A PARTNERSHIP THROUGH WHICH THE OPERATIONAL CANNABIS LICENSEE PROVIDES ANY OF THE FOLLOWING TO A SOCIAL EQUITY LICENSEE:

1. TRAINING;

2. MENTORSHIP; OR

3. SHARED COMMERCIAL SPACE OR EQUIPMENT.

(6) “SOCIAL EQUITY LICENSEE” MEANS A SOCIAL EQUITY APPLICANT, AS DEFINED IN § 36–101 OF THIS ARTICLE, WHO HAS BEEN AWARDED A CANNABIS LICENSE OR CANNABIS REGISTRATION.

(B) (1) THERE IS A SOCIAL EQUITY PARTNERSHIP GRANT PROGRAM IN THE COMMISSION.

(2) THE PURPOSE OF THE GRANT PROGRAM IS TO PROMOTE QUALIFYING PARTNERSHIPS BETWEEN OPERATIONAL CANNABIS LICENSEES AND SOCIAL EQUITY LICENSEES.

(C) (1) THE COMMISSION SHALL IMPLEMENT AND ADMINISTER THE GRANT PROGRAM, INCLUDING BY CLEARLY DEFINING THE PARAMETERS OF A QUALIFYING PARTNERSHIP.

(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE COMMISSION HAS DISCRETION TO APPROVE, DENY, OR REVOKE QUALIFYING PARTNERSHIPS.

(3) (I) THE COMMISSION MAY APPROVE QUALIFYING PARTNERSHIPS WHERE A COST OR OTHER FEE IS IMPOSED BY AN OPERATIONAL CANNABIS LICENSEE ON A SOCIAL EQUITY LICENSEE IF THE COST OR OTHER FEE IS SUBSTANTIALLY REDUCED FROM THE MARKET VALUE.

(II) COSTS OR OTHER FEES UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY INCLUDE CHARGES FOR THE RENT OF FACILITIES OR EQUIPMENT.

(D) (1) THE COMMISSION SHALL AWARD GRANTS TO OPERATIONAL CANNABIS LICENSEES THAT HAVE QUALIFYING PARTNERSHIPS WITH A SOCIAL EQUITY LICENSEE.

(2) GRANT AMOUNTS SHALL BE BASED ON THE NATURE OF THE QUALIFYING PARTNERSHIP BETWEEN THE SOCIAL EQUITY LICENSEE AND THE OPERATIONAL CANNABIS LICENSEE.

(3) IF AN OPERATIONAL CANNABIS LICENSEE HAS A LICENSE THAT WAS CONVERTED BY THE DIVISION UNDER § 36-401(B)(1)(II) OF THIS ARTICLE, THE TOTAL AWARD OF ANY GRANTS FROM THE COMMISSION TO THE LICENSEE MAY NOT EXCEED THE COST OF THE LICENSE CONVERSION FEE THAT WAS PAID BY THE LICENSEE.

(E) THE COMMISSION MAY REQUIRE A GRANT RECIPIENT THAT FAILS TO FULFILL THE REQUIREMENTS OF THE GRANT TO RETURN ALL OR PART OF THE GRANT TO THE GRANT PROGRAM.

(F) FOR EACH FISCAL YEAR, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF \$5,000,000 FOR THE GRANT PROGRAM.

(G) THE COMMISSION SHALL ADOPT REGULATIONS TO:

(1) IMPLEMENT THE PROVISIONS OF THIS SECTION;

(2) ADMINISTER THE GRANT PROGRAM;

(3) ESTABLISH ELIGIBILITY AND GRANT APPLICATION REQUIREMENTS;

(4) ESTABLISH A PROCESS FOR REVIEWING GRANT APPLICATIONS AND AWARDING GRANTS TO SOCIAL EQUITY LICENSEES; AND

(5) SPECIFY CRITERIA AND PROCEDURES TO MONITOR ELIGIBILITY FOR THE GRANTS AUTHORIZED UNDER THIS SECTION.

TITLE 34. RESERVED.

TITLE 35. RESERVED.

DIVISION III. CANNABIS.**TITLE 36. MEDICAL AND ADULT-USE CANNABIS.****SUBTITLE 1. DEFINITIONS.****36-101.**

(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “ACADEMIC RESEARCH REPRESENTATIVE” MEANS AN INDIVIDUAL WHO IS:

(1) AN EMPLOYEE OR AGENT OF AN INSTITUTION OF HIGHER EDUCATION, A RELATED MEDICAL FACILITY, OR AN AFFILIATED BIOMEDICAL RESEARCH FIRM THAT FILED A REGISTRATION WITH THE DIVISION UNDER § 36-701 OF THIS TITLE; AND

(2) AUTHORIZED TO PURCHASE MEDICAL CANNABIS FOR THE INSTITUTION OF HIGHER EDUCATION, RELATED MEDICAL FACILITY, OR AFFILIATED BIOMEDICAL RESEARCH FIRM.

(C) (1) “CANNABIS” MEANS THE PLANT CANNABIS SATIVA L. AND ANY PART OF THE PLANT, INCLUDING ALL DERIVATIVES, EXTRACTS, CANNABINOIDS, ISOMERS, ACIDS, SALTS, AND SALTS OF ISOMERS, WHETHER GROWING OR NOT, WITH A DELTA-9-TETRAHYDROCANNABINOL CONCENTRATION GREATER THAN 0.3% ON A DRY WEIGHT BASIS.

(2) “CANNABIS” INCLUDES CANNABIS PRODUCTS.

(3) “CANNABIS” DOES NOT INCLUDE HEMP OR HEMP PRODUCTS, AS DEFINED IN § 14-101 OF THE AGRICULTURE ARTICLE.

(D) “CANNABIS AGENT” MEANS AN EMPLOYEE, A VOLUNTEER, OR ANY OTHER AUTHORIZED PERSON WHO ACTS FOR OR AT THE DIRECTION OF A CANNABIS LICENSEE OR CANNABIS REGISTRANT.

(E) “CANNABIS BUSINESS” MEANS A BUSINESS LICENSED BY THE DIVISION TO OPERATE IN THE CANNABIS INDUSTRY.

(F) “CANNABIS CONCENTRATE” MEANS A PRODUCT DERIVED FROM

CANNABIS THAT IS KIEF, HASHISH, BUBBLE HASH, OIL, WAX, OR ANY OTHER PRODUCT PRODUCED BY EXTRACTING CANNABINOIDS FROM THE PLANT THROUGH THE USE OF SOLVENTS, CARBON DIOXIDE, OR HEAT, SCREENS, PRESSES, OR STEAM DISTILLATION.

(G) “CANNABIS-INFUSED PRODUCT” MEANS OIL, WAX, OINTMENT, SALVE, TINCTURE, CAPSULE, SUPPOSITORY, DERMAL PATCH, CARTRIDGE, OR ANY OTHER PRODUCT CONTAINING CANNABIS CONCENTRATE OR USABLE CANNABIS THAT HAS BEEN PROCESSED SO THAT THE DRIED LEAVES AND FLOWERS ARE INTEGRATED INTO OTHER MATERIAL.

(H) “CANNABIS LICENSEE” MEANS A BUSINESS LICENSED BY THE DIVISION TO OPERATE IN THE CANNABIS INDUSTRY.

(I) “CANNABIS PRODUCTS” MEANS PRODUCTS THAT ARE COMPOSED OF CANNABIS, CANNABIS CONCENTRATE, CANNABIS EXTRACT, OR OTHER INGREDIENTS AND ARE INTENDED FOR USE OR CONSUMPTION, INCLUDING EDIBLE PRODUCTS, OILS, AND TINCTURES.

(J) “CANNABIS REGISTRANT” MEANS AN INDEPENDENT TESTING LABORATORY, A TRANSPORTER, A DELIVERY SERVICE, A SECURITY GUARD COMPANY, A WASTE DISPOSAL COMPANY, AND ANY OTHER TYPE OF CANNABIS BUSINESS REGISTERED UNDER THIS TITLE AND AUTHORIZED BY THE DIVISION.

(K) (1) “CANOPY” MEANS THE TOTAL SQUARE FOOTAGE OF SPACE USED BY A CANNABIS LICENSEE FOR THE PRODUCTION OF FLOWERING CANNABIS PLANTS.

(2) “CANOPY” INCLUDES EACH LAYER OF FLOWERING CANNABIS PLANTS GROWN ON ANY RACK OR SHELVING.

(3) “CANOPY” DOES NOT INCLUDE SQUARE FOOTAGE USED FOR:

(I) MOTHER STOCK;

(II) PROPAGATION;

(III) IMMATURE OR NONFLOWERING PLANTS;

(IV) PROCESSING;

(V) DRYING;

(VI) CURING;

- (VII) TRIMMING;
- (VIII) STORAGE;
- (IX) OFFICES;
- (X) HALLWAYS;
- (XI) PATHWAYS;
- (XII) WORK AREAS; OR
- (XIII) OTHER ADMINISTRATIVE AND NONPRODUCTION USES.

(L) (1) “CAREGIVER” MEANS:

(I) AN INDIVIDUAL WHO HAS AGREED TO ASSIST WITH A QUALIFYING PATIENT’S MEDICAL USE OF CANNABIS; AND

(II) FOR A QUALIFYING PATIENT UNDER THE AGE OF 18 YEARS:

- 1. A PARENT OR LEGAL GUARDIAN; AND**
- 2. NOT MORE THAN TWO ADDITIONAL ADULTS DESIGNATED BY THE PARENT OR LEGAL GUARDIAN.**

(2) “CAREGIVER” DOES NOT INCLUDE ANY DESIGNATED SCHOOL PERSONNEL AUTHORIZED TO ADMINISTER MEDICAL CANNABIS TO A STUDENT IN ACCORDANCE WITH THE GUIDELINES ESTABLISHED UNDER § 7-446 OF THE EDUCATION ARTICLE.

(M) “CERTIFYING PROVIDER” MEANS AN INDIVIDUAL WHO:

(1) (I) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE MEDICINE THAT WAS ISSUED BY THE STATE BOARD OF PHYSICIANS UNDER TITLE 14 OF THE HEALTH OCCUPATIONS ARTICLE; AND

2. IS IN GOOD STANDING WITH THE STATE BOARD OF PHYSICIANS;

(II) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE DENTISTRY THAT WAS ISSUED BY THE STATE BOARD OF DENTAL

EXAMINERS UNDER TITLE 4 OF THE HEALTH OCCUPATIONS ARTICLE; AND

2. IS IN GOOD STANDING WITH THE STATE BOARD OF DENTAL EXAMINERS;

(III) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE PODIATRY THAT WAS ISSUED BY THE STATE BOARD OF PODIATRIC MEDICAL EXAMINERS UNDER TITLE 16 OF THE HEALTH OCCUPATIONS ARTICLE; AND

2. IS IN GOOD STANDING WITH THE STATE BOARD OF PODIATRIC MEDICAL EXAMINERS;

(IV) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE REGISTERED NURSING OR HAS AN ACTIVE, UNRESTRICTED CERTIFICATION TO PRACTICE AS A NURSE PRACTITIONER OR A NURSE MIDWIFE THAT WAS ISSUED BY THE STATE BOARD OF NURSING UNDER TITLE 8 OF THE HEALTH OCCUPATIONS ARTICLE; AND

2. IS IN GOOD STANDING WITH THE STATE BOARD OF NURSING; OR

(V) 1. HAS AN ACTIVE, UNRESTRICTED LICENSE TO PRACTICE AS A PHYSICIAN ASSISTANT ISSUED BY THE STATE BOARD OF PHYSICIANS UNDER TITLE 15 OF THE HEALTH OCCUPATIONS ARTICLE;

2. HAS AN ACTIVE DELEGATION AGREEMENT WITH A PRIMARY SUPERVISING PHYSICIAN WHO IS A CERTIFYING PROVIDER; AND

3. IS IN GOOD STANDING WITH THE STATE BOARD OF PHYSICIANS;

(2) HAS A STATE CONTROLLED DANGEROUS SUBSTANCES REGISTRATION; AND

(3) IS REGISTERED WITH THE DIVISION TO MAKE CANNABIS AVAILABLE TO PATIENTS FOR MEDICAL USE IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE DIVISION.

(N) “COMMISSION” MEANS THE ALCOHOL, TOBACCO, AND CANNABIS COMMISSION ESTABLISHED UNDER § 1-302 OF THIS ARTICLE.

(O) “CONSUMER” MEANS AN INDIVIDUAL AT LEAST 21 YEARS OLD WHO

PURCHASES CANNABIS OR CANNABIS PRODUCTS FOR PERSONAL USE BY INDIVIDUALS AT LEAST 21 YEARS OLD.

(P) “CONTROL” MEANS:

(1) THE DECISION-MAKING AUTHORITY OVER THE MANAGEMENT, OPERATIONS, OR POLICIES THAT GUIDE A BUSINESS; OR

(2) AUTHORITY OVER THE OPERATION OF THE TECHNICAL ASPECTS OF A BUSINESS.

(Q) “DELIVERY SERVICE” MEANS A CANNABIS LICENSEE AUTHORIZED TO DELIVER CANNABIS IN ACCORDANCE WITH A MICRO LICENSE TO OPERATE A DISPENSARY.

(R) “DISPENSARY” MEANS AN ENTITY LICENSED UNDER THIS TITLE THAT ACQUIRES, POSSESSES, REPACKAGES, TRANSFERS, TRANSPORTS, SELLS, DISTRIBUTES, OR DISPENSES CANNABIS OR CANNABIS PRODUCTS, INCLUDING TINCTURES, AEROSOLS, OILS, AND OINTMENTS, RELATED SUPPLIES, AND EDUCATIONAL MATERIALS FOR USE BY QUALIFYING PATIENTS, CAREGIVERS, OR CONSUMERS THROUGH A STOREFRONT OR THROUGH A DELIVERY SERVICE, BASED ON LICENSE TYPE.

(S) “DISPROPORTIONATELY IMPACTED AREA” MEANS A GEOGRAPHIC AREA IDENTIFIED BY THE OFFICE OF SOCIAL EQUITY THAT HAS BEEN DISPROPORTIONATELY IMPACTED BY THE PROHIBITION OF CANNABIS.

(T) “DIVISION” MEANS THE CANNABIS REGULATION AND ENFORCEMENT DIVISION ESTABLISHED UNDER THIS TITLE.

(U) (1) “EDIBLE CANNABIS PRODUCT” MEANS A CANNABIS PRODUCT INTENDED FOR HUMAN CONSUMPTION BY ORAL INGESTION, IN WHOLE OR IN PART.

(2) “EDIBLE CANNABIS PRODUCT” INCLUDES A CANNABIS PRODUCT THAT DISSOLVES OR DISINTEGRATES IN THE MOUTH.

(3) “EDIBLE CANNABIS PRODUCT” DOES NOT INCLUDE ANY:

(I) CANNABIS CONCENTRATE;

(II) CANNABIS-INFUSED PRODUCT, INCLUDING AN OIL, A WAX, AN OINTMENT, A SALVE, A TINCTURE, A CAPSULE, A SUPPOSITORY, A DERMAL PATCH, OR A CARTRIDGE; OR

(III) OTHER DOSAGE FORM THAT IS RECOGNIZED BY THE UNITED STATES PHARMACOPEIA, THE NATIONAL FORMULARY, OR THE U.S. FOOD AND DRUG ADMINISTRATION AND IS APPROVED BY THE DIVISION.

(V) “GROWER” MEANS AN ENTITY LICENSED UNDER THIS TITLE THAT:

(1) CULTIVATES, PACKAGES, OR DISTRIBUTES CANNABIS; AND

(2) IS AUTHORIZED BY THE DIVISION TO PROVIDE CANNABIS TO OTHER CANNABIS LICENSEES AND REGISTERED INDEPENDENT TESTING LABORATORIES.

(W) “INCUBATOR SPACE” MEANS A FACILITY OPERATED IN ACCORDANCE WITH § 36-401 OF THIS TITLE.

(X) “INDEPENDENT TESTING LABORATORY” MEANS A FACILITY, AN ENTITY, OR A SITE THAT IS REGISTERED WITH THE DIVISION TO PERFORM TESTS RELATED TO THE INSPECTION AND TESTING OF CANNABIS AND PRODUCTS CONTAINING CANNABIS.

(Y) “MICRO LICENSE” MEANS A LICENSE ISSUED IN ACCORDANCE WITH § 36-401 OF THIS TITLE.

(Z) “ON-SITE CONSUMPTION ESTABLISHMENT” MEANS AN ENTITY LICENSED UNDER THIS TITLE TO DISTRIBUTE CANNABIS OR CANNABIS PRODUCTS FOR ON-SITE CONSUMPTION.

(AA) “OWNER” MEANS A PERSON WITH AN OWNERSHIP INTEREST IN A CANNABIS LICENSEE.

(BB) “OWNERSHIP INTEREST” MEANS A DIRECT OR INDIRECT EQUITY INTEREST IN A CANNABIS LICENSEE, INCLUDING IN ITS SHARES OR STOCK.

(CC) “PRINCIPAL OFFICER” MEANS A BOARD MEMBER, A PRESIDENT, A VICE PRESIDENT, A SECRETARY, A TREASURER, A PARTNER, AN OFFICER, OR A MANAGING MEMBER, OR ANY OTHER INDIVIDUAL WITH A PROFIT SHARING, FINANCIAL INTEREST, OR REVENUE SHARING ARRANGEMENT, INCLUDING AN INDIVIDUAL WITH THE AUTHORITY TO CONTROL A CANNABIS LICENSEE.

(DD) “PROCESSOR” MEANS AN ENTITY LICENSED UNDER THIS TITLE THAT:

(1) TRANSFORMS CANNABIS INTO ANOTHER PRODUCT OR AN

EXTRACT AND PACKAGES AND LABELS THE CANNABIS PRODUCT; AND

(2) IS AUTHORIZED BY THE DIVISION TO PROVIDE CANNABIS TO LICENSED DISPENSARIES AND REGISTERED INDEPENDENT TESTING LABORATORIES.

(EE) “QUALIFYING PATIENT” MEANS AN INDIVIDUAL WHO:

(1) HAS BEEN PROVIDED WITH A WRITTEN CERTIFICATION BY A CERTIFYING PROVIDER IN ACCORDANCE WITH A BONA FIDE PROVIDER–PATIENT RELATIONSHIP; AND

(2) IF UNDER THE AGE OF 18 YEARS, HAS A CAREGIVER.

(FF) “SOCIAL EQUITY APPLICANT” MEANS AN APPLICANT FOR A CANNABIS LICENSE OR CANNABIS REGISTRATION THAT:

(1) HAS AT LEAST 65% OWNERSHIP AND CONTROL HELD BY ONE OR MORE INDIVIDUALS WHO:

(I) HAVE LIVED IN A DISPROPORTIONATELY IMPACTED AREA FOR AT LEAST 5 OF THE 10 YEARS IMMEDIATELY PRECEDING THE SUBMISSION OF THE APPLICATION; OR

(II) ATTENDED A PUBLIC SCHOOL IN A DISPROPORTIONATELY IMPACTED AREA FOR AT LEAST 5 YEARS; OR

(2) MEETS ANY OTHER CRITERIA ESTABLISHED BY THE COMMISSION BASED ON THE RESULTS OF A DISPARITY STUDY.

(GG) “STANDARD LICENSE” MEANS A LICENSE ISSUED IN ACCORDANCE WITH § 36–401 OF THIS TITLE.

(HH) “TRANSPORTER” MEANS AN ENTITY REGISTERED UNDER THIS TITLE TO TRANSPORT CANNABIS BETWEEN CANNABIS LICENSEES AND REGISTERED INDEPENDENT TESTING LABORATORIES.

(II) (1) “USABLE CANNABIS” MEANS THE DRIED LEAVES AND FLOWERS OF THE CANNABIS PLANT.

(2) “USABLE CANNABIS” DOES NOT INCLUDE SEEDLINGS, SEEDS, STEMS, STALKS, OR ROOTS OF THE PLANT OR THE WEIGHT OF ANY NONCANNABIS INGREDIENTS COMBINED WITH CANNABIS, SUCH AS INGREDIENTS ADDED TO

PREPARE A TOPICAL ADMINISTRATION.

(JJ) “WRITTEN CERTIFICATION” MEANS A CERTIFICATION THAT:

(1) IS ISSUED BY A CERTIFYING PROVIDER TO A QUALIFYING PATIENT WITH WHOM THE PROVIDER HAS A BONA FIDE PROVIDER–PATIENT RELATIONSHIP;

(2) INCLUDES A WRITTEN STATEMENT CERTIFYING THAT, IN THE CERTIFYING PROVIDER’S PROFESSIONAL OPINION, AFTER HAVING COMPLETED AN ASSESSMENT OF THE PATIENT’S MEDICAL HISTORY AND CURRENT MEDICAL CONDITION, THE PATIENT HAS A CONDITION:

(I) THAT MEETS THE INCLUSION CRITERIA AND DOES NOT MEET THE EXCLUSION CRITERIA OF THE CERTIFYING PROVIDER’S APPLICATION; AND

(II) FOR WHICH THE POTENTIAL BENEFITS OF THE MEDICAL USE OF CANNABIS WOULD LIKELY OUTWEIGH THE HEALTH RISKS FOR THE PATIENT; AND

(3) MAY INCLUDE A WRITTEN STATEMENT CERTIFYING THAT, IN THE CERTIFYING PROVIDER’S PROFESSIONAL OPINION, A 30–DAY SUPPLY OF MEDICAL CANNABIS WOULD BE INADEQUATE TO MEET THE MEDICAL NEEDS OF THE QUALIFYING PATIENT.

SUBTITLE 2. CANNABIS REGULATION AND ENFORCEMENT DIVISION.

36–201.

(A) THERE IS A CANNABIS REGULATION AND ENFORCEMENT DIVISION ESTABLISHED WITHIN THE OFFICE OF THE EXECUTIVE DIRECTOR OF THE COMMISSION.

(B) (1) THERE IS A DIRECTOR OF THE DIVISION.

(2) THE GOVERNOR SHALL APPOINT THE DIRECTOR OF THE DIVISION WITH THE ADVICE AND CONSENT OF THE SENATE.

(3) THE DIRECTOR SERVES AT THE PLEASURE OF THE GOVERNOR.

(C) THE DIRECTOR MUST HAVE THE TRAINING AND EXPERIENCE, INCLUDING KNOWLEDGE OF THE STATE CANNABIS INDUSTRY AND REGULATORY SYSTEM, THAT IS NEEDED TO DIRECT THE WORK OF THE DIVISION.

(D) THE DIVISION MAY EMPLOY OFFICERS AND EMPLOYEES AS PROVIDED IN THE STATE BUDGET.

(E) THE DIVISION:

(1) SHALL BE RESPONSIBLE FOR CARRYING OUT THE REQUIREMENTS AND DUTIES ESTABLISHED UNDER THIS DIVISION; AND

(2) MAY RECOMMEND CHANGES TO IMPROVE THE ADMINISTRATION OF THIS DIVISION RELATING TO THE REGULATION OF CANNABIS.

(F) THE DIVISION SHALL ADMINISTER AND ENFORCE THIS TITLE.

36-202.

(A) THE DIVISION SHALL:

(1) DEVELOP AND MAINTAIN A SEED-TO-SALE TRACKING SYSTEM THAT TRACKS CANNABIS FROM EITHER THE SEED OR IMMATURE PLANT STAGE UNTIL THE CANNABIS IS SOLD TO A PATIENT, CAREGIVER, OR CONSUMER;

(2) CONDUCT FINANCIAL AND CRIMINAL BACKGROUND INVESTIGATIONS OF ANY PERSON WHO SUBMITS AN APPLICATION FOR A CANNABIS LICENSE OR A CANNABIS LICENSEE, AS REQUIRED UNDER THIS TITLE;

(3) SOLICIT, EVALUATE, AND ISSUE OR DENY APPLICATIONS FOR CANNABIS LICENSES AND CANNABIS REGISTRATIONS, INCLUDING:

(I) LICENSES TO OPERATE A CANNABIS BUSINESS IN ACCORDANCE WITH THIS TITLE; AND

(II) REGISTRATION FOR INDEPENDENT TESTING LABORATORIES, TRANSPORTERS, SECURITY GUARD COMPANIES, AND WASTE DISPOSAL COMPANIES;

(4) AWARD OR DENY:

(I) A LICENSE TO OPERATE A CANNABIS BUSINESS IN ACCORDANCE WITH THIS TITLE; AND

(II) REGISTRATION TO INDEPENDENT TESTING LABORATORIES, TRANSPORTERS, SECURITY GUARD COMPANIES, WASTE DISPOSAL COMPANIES, AND

ANY OTHER TYPE OF CANNABIS BUSINESS AUTHORIZED BY THE DIVISION;

(5) CONDUCT ANNOUNCED AND UNANNOUNCED INSPECTIONS OF ANY BUSINESS LICENSED OR REGISTERED UNDER THIS TITLE TO ENSURE COMPLIANCE WITH THIS TITLE;

(6) AFTER A DETERMINATION THAT A VIOLATION OF THIS TITLE OR A REGULATION ADOPTED UNDER THIS TITLE HAS OCCURRED, SUSPEND, FINE, RESTRICT, OR REVOKE CANNABIS LICENSES AND CANNABIS REGISTRATIONS, WHETHER ACTIVE, EXPIRED, OR SURRENDERED, OR IMPOSE ANY OTHER PENALTY AUTHORIZED BY THIS TITLE OR ANY REGULATION ADOPTED UNDER THIS TITLE;

(7) (I) GIVE NOTICE AND HOLD A HEARING IN ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE, FOR ANY:

1. CONTESTED CANNABIS LICENSE DENIAL; OR

2. VIOLATION OF THIS TITLE OR ANY REGULATION ADOPTED UNDER THIS TITLE;

(II) ADMINISTER OATHS IN A PROCEEDING UNDER THIS SECTION; AND

(III) SUBJECT TO SUBSECTION (B)(3) OF THIS SECTION, ALLOW THE PERSON AGAINST WHOM THE ACTION IS CONTEMPLATED TO BE REPRESENTED AT THE HEARING BY COUNSEL;

(8) ADOPT REGULATIONS NECESSARY TO CARRY OUT ITS DUTIES UNDER THIS TITLE; AND

(9) PERFORM ANY OTHER POWER AUTHORIZED OR DUTY REQUIRED UNDER THIS TITLE OR ANY OTHER PROVISION OF STATE LAW.

(B) THE DIVISION MAY:

(1) ISSUE A SUBPOENA FOR THE ATTENDANCE OF A WITNESS TO TESTIFY OR THE PRODUCTION OF EVIDENCE IN CONNECTION WITH:

(I) ANY DISCIPLINARY ACTION UNDER THIS TITLE; OR

(II) ANY INVESTIGATION OR PROCEEDING INITIATED FOR AN ALLEGED VIOLATION OF THIS TITLE;

(2) DELEGATE THE HEARING AUTHORITY AUTHORIZED UNDER SUBSECTION (A)(7) OF THIS SECTION; AND

(3) IF, AFTER DUE NOTICE, THE PERSON AGAINST WHOM A DISCIPLINARY ACTION IS CONTEMPLATED DOES NOT APPEAR AT A HEARING, HEAR AND DETERMINE THE MATTER.

36-203.

(A) THE DIVISION SHALL:

(1) EVALUATE THE REGULATIONS ADOPTED BY THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION IN TITLE 10, SUBTITLE 62 OF THE CODE OF MARYLAND REGULATIONS; AND

(2) ON OR BEFORE JULY 1, 2023, ADOPT EMERGENCY REGULATIONS TO:

(I) CARRY OUT THE LICENSURE REQUIREMENTS SPECIFIED UNDER THIS TITLE;

(II) IMPLEMENT PROCEDURES RELATED TO CANNABIS APPLICATIONS, LICENSES, AND REGISTRATIONS IN ACCORDANCE WITH THIS TITLE;

(III) ASSIST THE COMPTROLLER IN THE COLLECTION OF TAXES IMPOSED ON THE SALE OF ADULT-USE CANNABIS UNDER § 11-104(K) OF THE TAX – GENERAL ARTICLE;

(IV) IMPLEMENT INVENTORY MANAGEMENT AND TRACKING THAT DOES NOT DIFFERENTIATE BETWEEN ADULT-USE OR MEDICAL CANNABIS OR CANNABIS PRODUCTS BEFORE THE POINT OF SALE, EXCEPT FOR PRODUCTS ALLOWED BY THE DIVISION FOR SALE ONLY TO PATIENTS AND CAREGIVERS; AND

(V) ESTABLISH OPERATING REQUIREMENTS FOR CANNABIS LICENSEES, INCLUDING REQUIREMENTS FOR:

1. SECURITY, INCLUDING LIGHTING, PHYSICAL SECURITY, VIDEO, AND ALARM REQUIREMENTS;

2. SAFE AND SECURE DELIVERY, TRANSPORT, AND STORAGE OF CANNABIS;

3. PREVENTING THE SALE OR DIVERSION OF CANNABIS

AND CANNABIS PRODUCTS TO PERSONS UNDER THE AGE OF 21 YEARS;

4. PACKAGING AND LABELING OF CANNABIS AND CANNABIS PRODUCTS, INCLUDING CHILD-RESISTANT PACKAGING; AND

5. HEALTH AND SAFETY STANDARDS GOVERNING THE CULTIVATION, MANUFACTURE, TESTING, AND DISPENSING OF CANNABIS OR CANNABIS PRODUCTS.

(B) THE EMERGENCY REGULATIONS THAT THE DIVISION IS REQUIRED TO ADOPT UNDER SUBSECTION (A) OF THIS SECTION SHALL BE SUPPLEMENTAL TO THE MEDICAL CANNABIS REGULATIONS UNDER TITLE 10, SUBTITLE 62 OF THE CODE OF MARYLAND REGULATIONS.

(C) ON OR BEFORE JULY 1, 2024, THE DIVISION SHALL ADOPT NONEMERGENCY REGULATIONS NECESSARY TO CARRY OUT THE PROVISIONS OF THIS TITLE.

(D) THE REGULATIONS ADOPTED BY THE DIVISION UNDER THIS SECTION SHALL, TO THE EXTENT PRACTICABLE, REGULATE MEDICAL AND ADULT-USE CANNABIS IN THE SAME MANNER.

36-204.

(A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE DIVISION SHALL ESTABLISH AND MAINTAIN A STATE CANNABIS TESTING LABORATORY.

(2) (I) ON OR BEFORE JULY 1, 2023, THE MARYLAND DEPARTMENT OF AGRICULTURE OR THE MARYLAND DEPARTMENT OF HEALTH MAY ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE DIVISION TO TEST CANNABIS AT AN EXISTING STATE-OWNED LABORATORY IF DOING SO WOULD BE A MORE ECONOMIC AND EFFICIENT ALTERNATIVE TO THE ESTABLISHMENT OF A TESTING LABORATORY UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(II) IF THE MARYLAND DEPARTMENT OF AGRICULTURE OR THE MARYLAND DEPARTMENT OF HEALTH AND THE DIVISION DETERMINE THAT CO-LOCATING CANNABIS TESTING AT AN EXISTING STATE-OWNED LABORATORY IS NOT OPERATIONALLY FEASIBLE, SUFFICIENT FUNDING SHALL BE PROVIDED IN THE ANNUAL BUDGET TO COMPLY WITH PARAGRAPH (1) OF THIS SUBSECTION.

(B) THE STATE CANNABIS TESTING LABORATORY IS RESPONSIBLE FOR:

(1) DEVELOPING AND MAINTAINING A CANNABIS LABORATORY

REFERENCE LIBRARY THAT CONTAINS CANNABIS TESTING METHODOLOGIES IN THE AREAS OF:

- (I) POTENCY;
- (II) HOMOGENEITY;
- (III) DETECTION AND QUANTITATION OF CONTAMINANTS; AND
- (IV) SOLVENTS;

(2) ESTABLISHING STANDARD OPERATING PROCEDURES FOR SAMPLE COLLECTION, PREPARATION, AND ANALYSIS OF CANNABIS BY INDEPENDENT TESTING LABORATORIES;

(3) CONDUCTING PROFICIENCY TESTING OF INDEPENDENT TESTING LABORATORIES;

(4) REMEDIATING PROBLEMS WITH INDEPENDENT TESTING LABORATORIES; AND

(5) CONDUCTING COMPLIANCE TESTING ON CANNABIS SAMPLES ANALYZED BY INDEPENDENT TESTING LABORATORIES.

(C) INDEPENDENT TESTING LABORATORIES LICENSED UNDER § 36–408 OF THIS TITLE SHALL PROVIDE MATERIALS FOR THE CANNABIS LABORATORY REFERENCE LIBRARY.

(D) THE STATE CANNABIS TESTING LABORATORY SHALL HOLD MEDICAL AND ADULT–USE CANNABIS TESTING TO THE SAME STANDARDS.

36–205.

(A) THE DIVISION MAY IMPOSE REGISTRATION AND OTHER FEES TO DEFRAY THE COSTS OF:

- (1) THE OPERATIONS OF THE DIVISION AND THE COMMISSION; AND
- (2) ADMINISTERING AND ENFORCING THIS DIVISION.

(B) IF FEES ARE IMPOSED UNDER SUBSECTION (A) OF THIS SECTION, THE DIVISION SHALL DEPOSIT THE FEES COLLECTED IN THE CANNABIS REGULATION AND ENFORCEMENT FUND ESTABLISHED UNDER § 36–206 OF THIS SUBTITLE.

36-206.

(A) IN THIS SECTION, “FUND” MEANS THE CANNABIS REGULATION AND ENFORCEMENT FUND.

(B) THERE IS A CANNABIS REGULATION AND ENFORCEMENT FUND.

(C) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDS TO COVER THE COSTS OF:

(1) THE OPERATION OF THE DIVISION AND THE COMMISSION; AND

(2) ADMINISTERING AND ENFORCING THIS DIVISION.

(D) THE COMPTROLLER SHALL ADMINISTER THE FUND AT THE DIRECTION OF THE DIVISION.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) FEES DISTRIBUTED TO THE FUND UNDER § 36-205 OF THIS SUBTITLE;

(2) REVENUE DISTRIBUTED TO THE FUND UNDER § 2-1302.2 OF THE TAX – GENERAL ARTICLE;

(3) INTEREST EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND, IN ACCORDANCE WITH ANY CONDITIONS ADOPTED BY THE COMMISSION FOR THE ACCEPTANCE OF DONATIONS OR GIFTS TO THE FUND.

(G) THE FUND MAY BE USED ONLY FOR CARRYING OUT THIS DIVISION.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(I) THE FUND IS SUBJECT TO AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE GOVERNMENT ARTICLE.

(J) ON OR BEFORE MARCH 15 EACH YEAR, THE COMPTROLLER SHALL PUBLISH ON ITS WEBSITE A DETAILED REPORT ON REVENUE DISTRIBUTED TO AND EXPENDITURES FROM THE FUND.

SUBTITLE 3. MEDICAL USE OF CANNABIS.

36-301.

(A) THE DIVISION SHALL REGISTER AS A CERTIFYING PROVIDER AN INDIVIDUAL WHO:

- (1) MEETS THE REQUIREMENTS OF THIS SUBTITLE; AND**
- (2) SUBMITS THE REQUIRED APPLICATION TO THE DIVISION.**

(B) TO BE REGISTERED AS A CERTIFYING PROVIDER, A PROVIDER SHALL SUBMIT AN APPLICATION TO THE DIVISION THAT INCLUDES:

(1) THE REASONS FOR INCLUDING A PATIENT UNDER THE CARE OF THE PROVIDER FOR THE PURPOSES OF THIS SUBTITLE, INCLUDING THE PATIENT'S QUALIFYING MEDICAL CONDITIONS;

(2) AN ATTESTATION THAT A STANDARD PATIENT EVALUATION WILL BE COMPLETED, INCLUDING A HISTORY, A PHYSICAL EXAMINATION, A REVIEW OF SYMPTOMS, AND OTHER RELEVANT MEDICAL INFORMATION; AND

(3) THE PROVIDER'S PLAN FOR THE ONGOING ASSESSMENT AND FOLLOW-UP CARE OF A PATIENT AND FOR COLLECTING AND ANALYZING DATA.

(C) THE DIVISION IS ENCOURAGED TO APPROVE PROVIDER APPLICATIONS FOR THE FOLLOWING:

(1) A CHRONIC OR DEBILITATING DISEASE OR MEDICAL CONDITION THAT RESULTS IN A PATIENT BEING ADMITTED INTO HOSPICE OR RECEIVING PALLIATIVE CARE;

- (2) A CHRONIC OR DEBILITATING DISEASE OR MEDICAL CONDITION**

OR THE TREATMENT OF A CHRONIC OR DEBILITATING DISEASE OR MEDICAL CONDITION THAT PRODUCES:

(I) CACHEXIA, ANOREXIA, OR WASTING SYNDROME;

(II) SEVERE OR CHRONIC PAIN;

(III) SEVERE NAUSEA;

(IV) SEIZURES; OR

(V) SEVERE OR PERSISTENT MUSCLE SPASMS;

(3) GLAUCOMA; OR

(4) POST-TRAUMATIC STRESS DISORDER.

(D) THE DIVISION MAY NOT LIMIT TREATMENT OF A PARTICULAR MEDICAL CONDITION TO ONE CLASS OF PROVIDERS.

(E) THE DIVISION MAY APPROVE APPLICATIONS THAT INCLUDE ANY OTHER CONDITION THAT IS SEVERE AND FOR WHICH OTHER MEDICAL TREATMENTS HAVE BEEN INEFFECTIVE IF THE SYMPTOMS REASONABLY CAN BE EXPECTED TO BE RELIEVED BY THE MEDICAL USE OF CANNABIS.

(F) A CERTIFYING PROVIDER OR THE SPOUSE OF A CERTIFYING PROVIDER MAY NOT:

(1) RECEIVE ANY GIFT FROM A CANNABIS LICENSEE;

(2) HOLD AN OWNERSHIP INTEREST IN A CANNABIS LICENSEE OR A BUSINESS THAT CONTROLS A CANNABIS LICENSEE; OR

(3) RECEIVE ANY COMPENSATION FROM A CANNABIS LICENSEE.

(G) A CERTIFYING PROVIDER SHALL ISSUE EACH WRITTEN CERTIFICATION IN THE FORM REQUIRED BY THE DIVISION.

(H) A CERTIFYING PROVIDER MAY DISCUSS MEDICAL CANNABIS WITH A PATIENT.

(I) (1) A CERTIFYING PROVIDER REGISTRATION IS VALID FOR 2 YEARS.

(2) THE DIVISION SHALL GRANT OR DENY A RENEWAL OF A REGISTRATION BASED ON THE PROVIDER'S PERFORMANCE IN COMPLYING WITH REGULATIONS ADOPTED BY THE DIVISION.

36-302.

(A) A QUALIFYING PATIENT OR CAREGIVER MAY OBTAIN MEDICAL CANNABIS FROM A DISPENSARY LICENSED BY THE DIVISION.

(B) (1) A QUALIFYING PATIENT WHO IS AT LEAST 21 YEARS OLD MAY NOT CULTIVATE MORE THAN FOUR CANNABIS PLANTS.

(2) IF TWO OR MORE QUALIFYING PATIENTS WHO ARE AT LEAST 21 YEARS OLD RESIDE AT THE SAME RESIDENCE, NOT MORE THAN FOUR CANNABIS PLANTS MAY BE CULTIVATED AT THAT RESIDENCE.

(3) EXCEPT AS PROVIDED IN PARAGRAPHS (1) AND (2) OF THIS SUBSECTION, A QUALIFYING PATIENT SHALL COMPLY WITH THE CANNABIS CULTIVATION REQUIREMENTS ESTABLISHED UNDER § 5-601.2 OF THE CRIMINAL LAW ARTICLE.

(C) A QUALIFYING PATIENT UNDER THE AGE OF 18 YEARS MAY OBTAIN MEDICAL CANNABIS ONLY THROUGH:

(1) THE QUALIFYING PATIENT'S CAREGIVER; OR

(2) ANY DESIGNATED SCHOOL PERSONNEL AUTHORIZED TO ADMINISTER MEDICAL CANNABIS TO A STUDENT IN ACCORDANCE WITH THE GUIDELINES ESTABLISHED UNDER § 7-446 OF THE EDUCATION ARTICLE.

(D) A CAREGIVER MAY SERVE NOT MORE THAN FIVE QUALIFYING PATIENTS AT ANY TIME.

(E) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A QUALIFYING PATIENT MAY HAVE NOT MORE THAN TWO CAREGIVERS.

(2) A QUALIFYING PATIENT UNDER THE AGE OF 18 YEARS MAY HAVE NOT MORE THAN FOUR CAREGIVERS.

(F) A SALE OF CANNABIS OR CANNABIS PRODUCTS TO A QUALIFYING PATIENT IS NOT SUBJECT TO TAXES IMPOSED ON THE SALE OF CANNABIS OR CANNABIS PRODUCTS UNDER § 11-104(K) OF THE TAX - GENERAL ARTICLE.

(G) A QUALIFYING PATIENT MAY POSSESS UP TO:

(1) 120 GRAMS OF USABLE CANNABIS; OR

(2) 36 GRAMS OF DELTA-9-TETRAHYDROCANNABINOL (THC) IN THE CASE OF A CANNABIS-INFUSED PRODUCT.

(H) DESIGNATED SCHOOL PERSONNEL DESCRIBED IN SUBSECTION (C)(2) OF THIS SECTION:

(1) MAY ADMINISTER TO A STUDENT ONLY MEDICAL CANNABIS:

(I) THAT IS OBTAINED THROUGH THE STUDENT'S CAREGIVER;

AND

(II) IN ACCORDANCE WITH DOSING, TIMING, AND DELIVERY ROUTE INSTRUCTIONS AS PROVIDED BY THE CERTIFYING PROVIDER'S WRITTEN INSTRUCTIONS; AND

(2) ARE NOT REQUIRED TO REGISTER WITH THE COMMISSION UNDER THIS SUBTITLE.

(I) A CAREGIVER MAY ADMINISTER MEDICAL CANNABIS TO A STUDENT WHO IS A QUALIFYING PATIENT OF THE CAREGIVER ON SCHOOL PROPERTY, DURING SCHOOL-SPONSORED ACTIVITIES, AND WHILE ON A SCHOOL BUS.

SUBTITLE 4. CANNABIS LICENSING.

36-401.

(A) (1) A PERSON MUST OBTAIN A CANNABIS LICENSE ISSUED BY THE DIVISION TO OPERATE A CANNABIS BUSINESS.

(2) A CANNABIS LICENSE ISSUED UNDER THIS SUBTITLE:

(I) AUTHORIZES THE HOLDER OF THE LICENSE TO OPERATE A MEDICAL AND ADULT-USE CANNABIS BUSINESS;

(II) IS VALID FOR 5 YEARS ON INITIAL LICENSURE AND 5 YEARS ON RENEWAL; AND

(III) MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH SUBTITLE 5 OF THIS TITLE.

(B) (1) THE DIVISION SHALL:

(I) ISSUE STANDARD LICENSES, MICRO LICENSES, INCUBATOR SPACE LICENSES, AND ON-SITE CONSUMPTION LICENSES IN ACCORDANCE WITH THIS TITLE;

(II) ON OR BEFORE JULY 1, 2023, CONVERT LICENSES THAT WERE ISSUED TO MEDICAL CANNABIS GROWERS, PROCESSORS, AND DISPENSARIES, INCLUDING THOSE BUSINESSES PREAPPROVED FOR LICENSURE, TO LICENSES TO OPERATE A MEDICAL AND ADULT-USE CANNABIS BUSINESS IF A CONVERSION FEE IS PAID IN ACCORDANCE WITH § 36-403 OF THIS SUBTITLE;

(III) SET PRODUCTION, PROCESSING, SALES, AND OTHER LIMITATIONS AND REQUIREMENTS FOR ALL LICENSE TYPES;

(IV) ISSUE DISPENSARY LICENSES IN A MANNER THAT ENCOURAGES A BALANCED GEOGRAPHIC DISTRIBUTION BASED ON POPULATION AND MARKET DEMAND WITHIN A SPECIFIC COUNTY, AS WELL AS CROSS-JURISDICTIONAL MARKET DEMAND;

(V) CONSIDER MARKET DEMAND IN THE ISSUANCE OF ALL LICENSE TYPES; AND

(VI) ADOPT REGULATIONS REQUIRING LICENSEES WHOSE LICENSES WERE CONVERTED BY THE DIVISION UNDER ITEM (II) OF THIS PARAGRAPH TO RESERVE A SPECIFIED AMOUNT OF CANNABIS FOR SOCIAL EQUITY LICENSEES.

(2) THE DIVISION MAY:

(I) INSPECT A CANNABIS LICENSEE TO ENSURE COMPLIANCE WITH THIS TITLE AND THE REGULATIONS ADOPTED UNDER THIS TITLE;

(II) REVOKE A CANNABIS LICENSE IF GOOD FAITH EFFORTS HAVE NOT BEEN MADE BY THE CANNABIS LICENSEE TO ESTABLISH A CANNABIS BUSINESS WITHIN 18 MONTHS AFTER THE LICENSE WAS AWARDED;

(III) IMPOSE PENALTIES OR RESCIND THE LICENSE OF A CANNABIS LICENSEE THAT DOES NOT MEET THE STANDARDS FOR LICENSURE ESTABLISHED UNDER THIS TITLE OR REGULATIONS ADOPTED UNDER THIS TITLE; AND

(IV) CONDITIONALLY AWARD CANNABIS LICENSES.

(C) (1) A STANDARD LICENSE AUTHORIZES THE HOLDER OF THE LICENSE:

(I) FOR GROWERS, TO OPERATE MORE THAN 10,000 SQUARE FEET, BUT NOT MORE THAN 300,000 SQUARE FEET, OF INDOOR CANOPY OR ITS EQUIVALENT, AS CALCULATED BY THE DIVISION;

(II) FOR PROCESSORS, TO PROCESS MORE THAN 1,000 POUNDS OF CANNABIS PER YEAR, AS CALCULATED BY THE DIVISION; AND

(III) FOR DISPENSARIES, TO OPERATE A STORE AT A PHYSICAL LOCATION THAT SELLS CANNABIS OR CANNABIS PRODUCTS.

(2) A MICRO LICENSE AUTHORIZES THE HOLDER OF THE LICENSE:

(I) FOR GROWERS, TO OPERATE NOT MORE THAN 10,000 SQUARE FEET OF INDOOR CANOPY OR ITS EQUIVALENT, AS CALCULATED BY THE DIVISION;

(II) FOR PROCESSORS, TO PROCESS NOT MORE THAN 1,000 POUNDS OF CANNABIS PER YEAR, AS CALCULATED BY THE DIVISION; AND

(III) FOR DISPENSARIES, TO OPERATE A DELIVERY SERVICE THAT SELLS CANNABIS OR CANNABIS PRODUCTS WITHOUT A PHYSICAL STOREFRONT, PROVIDED THAT THE LICENSEE EMPLOYS NOT MORE THAN 10 EMPLOYEES.

(3) AN INCUBATOR SPACE LICENSE AUTHORIZES THE HOLDER OF THE LICENSE TO OPERATE A FACILITY WITHIN WHICH A MICRO LICENSEE MAY OPERATE IN ACCORDANCE WITH § 36-406 OF THIS SUBTITLE.

(4) AN ON-SITE CONSUMPTION LICENSE AUTHORIZES THE HOLDER OF THE LICENSE TO OPERATE A FACILITY IN WHICH INDIVIDUALS CAN SMOKE, VAPE, OR CONSUME CANNABIS IN ACCORDANCE WITH § 36-407 OF THIS SUBTITLE.

(D) THE DIVISION MAY NOT ISSUE MORE THAN THE FOLLOWING NUMBER OF LICENSES PER TYPE, INCLUDING LICENSES CONVERTED UNDER SUBSECTION (B)(1)(II) OF THIS SECTION:

(1) FOR STANDARD LICENSES:

- (I) 75 GROWER LICENSES;
- (II) 100 PROCESSOR LICENSES; AND
- (III) 300 DISPENSARY LICENSES;
- (2) FOR MICRO LICENSES:
 - (I) 100 GROWER LICENSES;
 - (II) 100 PROCESSOR LICENSES; AND
 - (III) 200 DISPENSARY LICENSES;
- (3) FOR INCUBATOR SPACE LICENSES, 10 LICENSES; AND
- (4) FOR ON-SITE CONSUMPTION LICENSES, 50 LICENSES.

(E) (1) THIS SUBSECTION APPLIES TO ALL LICENSES, INCLUDING LICENSES CONVERTED UNDER SUBSECTION (B)(1)(II) OF THIS SECTION.

(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A PERSON MAY HAVE AN OWNERSHIP INTEREST IN OR CONTROL OF, INCLUDING THE POWER TO MANAGE AND OPERATE, ONLY:

- (I) FOR STANDARD LICENSES AND MICRO LICENSES:
 - 1. ONE GROWER LICENSEE;
 - 2. ONE PROCESSOR LICENSEE; AND
 - 3. NOT MORE THAN TWO DISPENSARY LICENSEES;
- (II) FOR INCUBATOR SPACE LICENSES, NOT MORE THAN TWO LICENSEES; AND
- (III) FOR ON-SITE CONSUMPTION LICENSES, NOT MORE THAN TWO LICENSEES.
- (3) (I) A PERSON WHO OWNS OR CONTROLS AN INCUBATOR SPACE LICENSEE OR AN ON-SITE CONSUMPTION LICENSEE MAY NOT OWN OR CONTROL ANY OTHER CANNABIS LICENSEE.

(II) THE DIVISION SHALL ADOPT REGULATIONS LIMITING A PERSON OR FUND FROM ACQUIRING A NONMAJORITY OWNERSHIP INTEREST IN MULTIPLE CANNABIS BUSINESSES BEYOND THE LIMITATIONS ESTABLISHED UNDER THIS SUBSECTION.

(F) (1) THE HOLDER OF A CANNABIS LICENSE MAY NOT SURRENDER THE LICENSE AND APPLY FOR A NEW LICENSE IN THE SAME OR A SIMILAR CATEGORY.

(2) THE LIMITATION UNDER PARAGRAPH (1) OF THIS SUBSECTION APPLIES TO:

(I) AFFILIATES, HOLDING COMPANIES, PARENT COMPANIES, OR OTHER RELATED ENTITIES;

(II) INDIVIDUALS AND FIRMS WITH IDENTICAL OR SUBSTANTIALLY IDENTICAL BUSINESS OR ECONOMIC INTERESTS;

(III) PERSONS WITH COMMON INVESTMENTS; AND

(IV) FIRMS THAT ARE ECONOMICALLY DEPENDENT ON EACH OTHER THROUGH CONTRACTUAL OR OTHER RELATIONSHIPS.

36-402.

(A) IT IS THE INTENT OF THE GENERAL ASSEMBLY TO PRESERVE PRODUCTION AVAILABILITY FOR NEW ADULT-USE CANNABIS CULTIVATION LICENSES ISSUED UNDER THIS SUBTITLE.

(B) (1) IF THE LICENSE OF A CANNABIS LICENSEE IS CONVERTED BY THE DIVISION UNDER § 36-401(B)(1)(II) OF THIS SUBTITLE, THE CANNABIS LICENSEE SHALL:

(I) IF THE LICENSEE IS A GROWER, ADHERE TO THE EXPANSION LIMITATIONS SPECIFIED UNDER PARAGRAPH (2) OF THIS SUBSECTION; AND

(II) PAY THE CONVERSION FEE REQUIRED UNDER § 36-403 OF THIS SUBTITLE.

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, ON OR BEFORE JANUARY 1, 2026, AN OPERATIONAL BUSINESS THAT HOLDS A GROWER LICENSE ISSUED BEFORE OCTOBER 1, 2022, MAY EXPAND THE CANOPY OF ITS OPERATIONS AS IT EXISTED ON OCTOBER 1, 2022, AND BASED ON FACILITY SQUARE FOOTAGE OF INDOOR CANOPY SPACE OR ITS EQUIVALENT, AS

CALCULATED BY THE DIVISION IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION, ONLY AS FOLLOWS:

1. IF THE CANOPY IS UNDER 25,000 SQUARE FEET, TO 25,000 SQUARE FEET OR BY 25%, WHICHEVER IS GREATER;
2. IF THE CANOPY IS AT OR ABOVE 25,000 SQUARE FEET, BY 25%; OR
3. IF THE CANNABIS LICENSEE HAS A SQUARE FOOTAGE EXPANSION THAT WAS PREAPPROVED BEFORE OCTOBER 1, 2022, THE PREAPPROVED EXPANSION OR 25%, WHICHEVER IS GREATER.

(II) IF THE DIVISION AND AN OPERATIONAL BUSINESS DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH ARE UNABLE TO AGREE AS TO THE SQUARE FOOTAGE OF THE CANOPY EXPANSION OF THE LICENSEE'S OPERATIONS AUTHORIZED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE SQUARE FOOTAGE OF THE CANOPY EXPANSION SHALL BE CALCULATED BASED ON THE LICENSEE'S AVERAGE CANNABIS PRODUCTION IN CALENDAR YEARS 2021 AND 2022.

(III) A GROWER LICENSEE MAY NOT OPERATE AN INDOOR CANOPY THAT EXCEEDS 300,000 SQUARE FEET OR ITS EQUIVALENT, AS CALCULATED BY THE DIVISION IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION, IF THE GROWER LICENSEE:

1. HELD A STAGE ONE PREAPPROVAL FOR A LICENSE BEFORE OCTOBER 1, 2022; AND
2. WAS NOT OPERATIONAL BEFORE OCTOBER 1, 2022.

(C) A BUSINESS THAT IS ISSUED A NEW CANNABIS LICENSE UNDER § 36-401 OF THIS SUBTITLE MAY NOT OPERATE AN INDOOR CANOPY THAT EXCEEDS 300,000 SQUARE FEET FOR INDOOR CANOPIES OR ITS EQUIVALENT, AS CALCULATED BY THE DIVISION.

(D) (1) (I) THIS PARAGRAPH APPLIES TO ALL LICENSED GROWERS.

(II) A LICENSED GROWER SHALL ACCURATELY CALCULATE AND REPORT TO THE DIVISION ITS FLOWERING CANNABIS PLANT CANOPY AREA.

(III) THE CANOPY AREA IS MEASURED USING THE OUTSIDE BOUNDARIES OF ANY AREA THAT INCLUDES FLOWERING CANNABIS PLANTS AND ALL

OF THE SPACE WITHIN THE BOUNDARIES.

(IV) FOR THE PURPOSE OF MEASURING CANOPY, 1 SQUARE FOOT OF INDOOR CANOPY IS EQUAL TO 4 SQUARE FEET OF OUTDOOR CANOPY.

(V) THE MAXIMUM AMOUNT OF SPACE FOR CANNABIS PRODUCTION MAY NOT EXCEED THE CANOPY AUTHORIZED UNDER THIS SECTION.

(VI) IF THE AMOUNT OF SQUARE FEET OF PRODUCTION FOR A LICENSED GROWER EXCEEDS THE CANOPY AUTHORIZED UNDER THIS SECTION AND § 36-401 OF THIS SUBTITLE, THE COMMISSION MAY:

1. REDUCE THE CANOPY OF THE LICENSED GROWER BY THE SAME PERCENTAGE AS IT EXCEEDS THE AUTHORIZED CANOPY; AND

2. SEIZE, DESTROY, CONFISCATE, OR PLACE AN ADMINISTRATIVE HOLD ON ANY FLOWERING CANNABIS PLANTS PRODUCED IN EXCESS OF THE CANOPY.

(2) THE MAXIMUM AMOUNT OF CANOPY FOR AN OPERATIONAL BUSINESS THAT HOLDS A LICENSE ISSUED BEFORE OCTOBER 1, 2022, SHALL BE CALCULATED BASED ON THE MAXIMUM CANOPY OF THE LICENSEE AS SELF-REPORTED BY THE LICENSEE AND RECORDED BY THE DIVISION ON OR BEFORE DECEMBER 1, 2022.

36-403.

(A) (1) THIS SUBSECTION APPLIES ONLY TO A BUSINESS THAT HOLDS A CANNABIS LICENSE AND WAS PHYSICALLY AND ACTIVELY ENGAGED IN THE CULTIVATION OR PROCESSING OF MEDICAL CANNABIS BEFORE OCTOBER 1, 2022.

(2) EACH GROWER OR PROCESSOR SHALL PAY THE FOLLOWING ONE-TIME CONVERSION FEE BASED ON THE TOTAL GROSS REVENUE OF THE GROWER OR PROCESSOR IN 2022:

(I) \$100,000 IF THE GROSS REVENUE WAS LESS THAN \$1,000,000;

(II) \$500,000 IF THE GROSS REVENUE WAS AT LEAST \$1,000,000, BUT NOT MORE THAN \$5,000,000;

(III) \$1,000,000 IF THE GROSS REVENUE WAS MORE THAN \$5,000,000, BUT NOT MORE THAN \$10,000,000;

(IV) \$1,500,000 IF THE GROSS REVENUE WAS MORE THAN \$10,000,000, BUT NOT MORE THAN \$15,000,000;

(V) \$2,000,000 IF THE GROSS REVENUE WAS MORE THAN \$15,000,000, BUT NOT MORE THAN \$20,000,000; OR

(VI) \$2,500,000 IF THE GROSS REVENUE WAS MORE THAN \$20,000,000.

(3) IF A BUSINESS HOLDS A GROWER AND PROCESSOR LICENSE, THE FEE SHALL BE BASED ON TOTAL GROSS REVENUE FROM BOTH LICENSE TYPES.

(B) (1) THIS SUBSECTION APPLIES ONLY TO A BUSINESS THAT HOLDS A CANNABIS LICENSE AND WAS PHYSICALLY AND ACTIVELY ENGAGED IN THE DISPENSING OF MEDICAL CANNABIS BEFORE OCTOBER 1, 2022.

(2) EACH DISPENSARY SHALL PAY THE FOLLOWING ONE-TIME CONVERSION FEE BASED ON THE GROSS REVENUE OF THE DISPENSARY IN 2022:

(I) \$100,000 IF THE GROSS REVENUE WAS LESS THAN \$1,000,000;

(II) \$250,000 IF THE GROSS REVENUE WAS AT LEAST \$1,000,000, BUT NOT MORE THAN \$5,000,000;

(III) \$500,000 IF THE GROSS REVENUE WAS MORE THAN \$5,000,000, BUT NOT MORE THAN \$10,000,000;

(IV) \$1,000,000 IF THE GROSS REVENUE WAS MORE THAN \$10,000,000, BUT NOT MORE THAN \$15,000,000;

(V) \$1,500,000 IF THE GROSS REVENUE WAS MORE THAN \$15,000,000, BUT NOT MORE THAN \$20,000,000; OR

(VI) \$2,000,000 IF THE GROSS REVENUE WAS MORE THAN \$20,000,000.

(C) (1) THIS SUBSECTION APPLIES ONLY TO A BUSINESS THAT:

(I) HELD A STAGE ONE PREAPPROVAL FOR A LICENSE BEFORE OCTOBER 1, 2022; AND

(II) WAS NOT OPERATIONAL BEFORE OCTOBER 1, 2022.

(2) A GROWER OR PROCESSOR SHALL PAY A ONE-TIME CONVERSION FEE OF \$50,000.

(3) A DISPENSARY SHALL PAY A ONE-TIME CONVERSION FEE OF \$25,000.

(D) (1) THIS SUBSECTION APPLIES ONLY TO AN APPLICANT APPLYING FOR A CANNABIS LICENSE UNDER § 36-404 OF THIS SUBTITLE.

(2) AN APPLICANT FOR A STANDARD LICENSE, AN INCUBATOR SPACE LICENSE, OR AN ON-SITE CONSUMPTION LICENSE SHALL PAY AN APPLICATION FEE OF \$5,000.

(3) AN APPLICANT FOR A MICRO LICENSE SHALL PAY AN APPLICATION FEE OF \$1,000.

(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE DIVISION SHALL ESTABLISH RENEWAL FEES FOR ALL CANNABIS LICENSES.

(2) THE RENEWAL FEES ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT EXCEED 10% OF THE CANNABIS LICENSEE'S ANNUAL GROSS REVENUE.

(F) ALL FEES COLLECTED UNDER THIS SECTION SHALL BE PAID TO THE DIVISION.

36-404.

(A) (1) ON OR BEFORE JANUARY 1, 2024, THE DIVISION SHALL BEGIN ISSUING FIRST ROUND LICENSES IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION.

(2) ON OR AFTER MAY 1, 2024, THE DIVISION SHALL BEGIN ISSUING SECOND ROUND LICENSES IN ACCORDANCE WITH SUBSECTIONS (E) OR (F) OF THIS SECTION.

(3) SUBJECT TO PARAGRAPHS (1) AND (2) OF THIS SUBSECTION, THE DIVISION MAY ISSUE LICENSES IN ACCORDANCE WITH SUBSECTION (G) OF THIS SECTION.

(B) (1) THE DIVISION SHALL:

(I) CONDUCT EXTENSIVE OUTREACH TO SMALL, MINORITY, AND WOMEN BUSINESS OWNERS AND ENTREPRENEURS WHO MAY HAVE AN INTEREST IN APPLYING FOR A CANNABIS LICENSE BEFORE ACCEPTING AND PROCESSING CANNABIS LICENSE APPLICATIONS;

(II) CONNECT POTENTIAL SOCIAL EQUITY APPLICANTS WITH THE OFFICE OF SOCIAL EQUITY;

(III) ACCEPT AND PROCESS APPLICATIONS FOR LICENSES:

1. IN RESPONSE TO A REQUEST FOR APPLICATIONS ISSUED UNDER THIS SECTION;

2. FOR A PERIOD OF 30 CALENDAR DAYS; AND

3. BEGINNING ON A DATE THAT IS AT LEAST 60 CALENDAR DAYS AFTER THE DATE ON WHICH THE DIVISION ISSUED THE REQUEST FOR APPLICATIONS;

(IV) AWARD CANNABIS LICENSES IN AT LEAST TWO SEPARATE ROUNDS IN ACCORDANCE WITH THIS SECTION; AND

(V) RESERVE A REASONABLE NUMBER OF LICENSES TO ALLOW MICRO LICENSES TO TRANSITION TO STANDARD LICENSES, AS DETERMINED IN REGULATIONS BY THE DIVISION.

(2) THE DIVISION MAY SUSPEND, FINE, RESTRICT, OR REVOKE A CANNABIS LICENSE IF IT IS DETERMINED THAT A CANNABIS LICENSEE HAS NOT COMPLIED WITH STATEMENTS IN THE APPLICATION, INCLUDING STATEMENTS ABOUT STANDARDS OF OPERATION OR EMPLOYMENT PRACTICES RELATED TO DIVERSITY, EQUITY, AND INCLUSION.

(3) THE DIVISION MAY NOT:

(I) ACCEPT MORE THAN ONE APPLICATION PER LICENSE TYPE FROM AN APPLICANT IN ANY ROUND;

(II) ACCEPT MORE THAN TWO APPLICATIONS FROM AN APPLICANT IN ANY ROUND;

(III) REQUIRE THAT AN APPLICANT POSSESS OR OWN A PROPERTY OR FACILITY TO OPERATE A CANNABIS BUSINESS AT THE TIME OF

APPLICATION; OR

(IV) REGARDLESS OF THE NUMBER OF LICENSE AWARDS AUTHORIZED IN EACH ROUND, AWARD MORE LICENSES THAN THE TOTAL NUMBER OF LICENSES AUTHORIZED UNDER § 36-401(D) OF THIS SUBTITLE.

(4) THE DIVISION MAY ADOPT REGULATIONS CONCERNING THE EQUITY AND FAIRNESS OF THE POOL OF APPLICANTS THROUGHOUT THE APPLICATION PROCESS.

(C) TO BE LICENSED, AN APPLICANT SHALL SUBMIT TO THE DIVISION:

(1) AN APPLICATION FEE IN ACCORDANCE WITH § 36-403 OF THIS SUBTITLE; AND

(2) AN APPLICATION DEVELOPED BY THE DIVISION UNDER THIS TITLE.

(D) (1) FOR THE FIRST ROUND, SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE DIVISION SHALL ENTER EACH SOCIAL EQUITY APPLICANT THAT MEETS THE MINIMUM QUALIFICATIONS ESTABLISHED BY THE DIVISION INTO A LOTTERY AND ISSUE TO SOCIAL EQUITY APPLICANTS NOT MORE THAN:

(I) FOR STANDARD LICENSES:

1. 20 GROWER LICENSES;
2. 40 PROCESSOR LICENSES; AND
3. 80 DISPENSARY LICENSES;

(II) FOR MICRO LICENSES:

1. 30 GROWER LICENSES;
2. 30 PROCESSOR LICENSES; AND
3. 75 DISPENSARY LICENSES; AND

(III) 10 INCUBATOR SPACE LICENSES.

(2) THE DIVISION SHALL DETERMINE WHETHER AN APPLICATION MEETS THE MINIMUM QUALIFICATIONS FOR THE LOTTERY ON A PASS-FAIL BASIS,

AS DETERMINED BY THE DIVISION, AFTER EVALUATING:

(I) A DETAILED OPERATIONAL PLAN FOR THE SAFE, SECURE, AND EFFECTIVE CULTIVATION, MANUFACTURE, OR DISPENSING OF CANNABIS;

(II) A BUSINESS PLAN DEMONSTRATING A LIKELIHOOD OF SUCCESS AND SUFFICIENT BUSINESS ABILITY AND EXPERIENCE ON THE PART OF THE APPLICANT, AND PROVIDING FOR APPROPRIATE EMPLOYEE WORKING CONDITIONS; AND

(III) A DETAILED DIVERSITY PLAN.

(3) FIRST ROUND APPLICATION SUBMISSIONS FOR ALL LICENSE TYPES ARE LIMITED TO SOCIAL EQUITY APPLICANTS.

(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF THE OFFICE OF THE ATTORNEY GENERAL DETERMINES THAT THE APPLICANTS AWARDED A LICENSE UNDER SUBSECTION (D) OF THIS SECTION ARE NOT DIVERSE AND A DISPARITY STUDY DETERMINES THAT THERE IS A COMPELLING INTEREST TO IMPLEMENT REMEDIAL MEASURES TO ASSIST MINORITIES AND WOMEN IN THE CANNABIS INDUSTRY, THE DIVISION SHALL ENTER EACH APPLICANT THAT MEETS THE MINIMUM QUALIFICATIONS ESTABLISHED BY THE DIVISION INTO A LOTTERY AND ISSUE TO THE APPLICANTS NOT MORE THAN:

(I) FOR STANDARD LICENSES:

1. 25 GROWER LICENSES;
2. 25 PROCESSOR LICENSES; AND
3. 120 DISPENSARY LICENSES;

(II) FOR MICRO LICENSES:

1. 70 GROWER LICENSES;
2. 70 PROCESSOR LICENSES; AND
3. 125 DISPENSARY LICENSES;

(III) 10 INCUBATOR SPACE LICENSES; AND

(IV) 15 ON-SITE CONSUMPTION LICENSES.

(2) THE DIVISION SHALL DETERMINE WHETHER AN APPLICATION MEETS THE MINIMUM QUALIFICATIONS FOR A LOTTERY BASED ON A PASS-FAIL BASIS, AS DETERMINED BY THE DIVISION, AFTER EVALUATING:

(I) A DETAILED OPERATIONAL PLAN FOR THE SAFE, SECURE, AND EFFECTIVE CULTIVATION, MANUFACTURE, OR DISPENSING OF CANNABIS;

(II) A BUSINESS PLAN DEMONSTRATING A LIKELIHOOD OF SUCCESS AND SUFFICIENT BUSINESS ABILITY AND EXPERIENCE ON THE PART OF THE APPLICANT, AND PROVIDING FOR APPROPRIATE EMPLOYEE WORKING CONDITIONS;

(III) A DETAILED DIVERSITY PLAN; AND

(IV) REMEDIAL MEASURES ESTABLISHED IN ACCORDANCE WITH A DISPARITY STUDY.

(F) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, IF THE OFFICE OF THE ATTORNEY GENERAL DETERMINES THAT THE APPLICANTS AWARDED A LICENSE UNDER SUBSECTION (D) OF THIS SECTION ARE DIVERSE REGARDLESS OF THE RESULTS OF A DISPARITY STUDY, THE DIVISION SHALL ENTER EACH APPLICANT THAT MEETS THE MINIMUM QUALIFICATIONS ESTABLISHED BY THE DIVISION INTO A LOTTERY AND ISSUE TO THE APPLICANTS NOT MORE THAN:

(I) FOR STANDARD LICENSES:

- 1. 25 GROWER LICENSES;**
- 2. 25 PROCESSOR LICENSES; AND**
- 3. 120 DISPENSARY LICENSES;**

(II) FOR MICRO LICENSES:

- 1. 70 GROWER LICENSES;**
- 2. 70 PROCESSOR LICENSES; AND**
- 3. 125 DISPENSARY LICENSES;**

(III) 10 INCUBATOR SPACE LICENSES; AND

(IV) 15 ON-SITE CONSUMPTION LICENSES.

(2) THE DIVISION SHALL DETERMINE WHETHER AN APPLICATION MEETS THE MINIMUM QUALIFICATIONS FOR A LOTTERY BASED ON A PASS-FAIL BASIS, AS DETERMINED BY THE DIVISION, AFTER EVALUATING:

(I) A DETAILED OPERATIONAL PLAN FOR THE SAFE, SECURE, AND EFFECTIVE CULTIVATION, MANUFACTURE, OR DISPENSING OF CANNABIS;

(II) A BUSINESS PLAN DEMONSTRATING A LIKELIHOOD OF SUCCESS AND SUFFICIENT BUSINESS ABILITY AND EXPERIENCE ON THE PART OF THE APPLICANT, AND PROVIDING FOR APPROPRIATE EMPLOYEE WORKING CONDITIONS;

(III) A DETAILED DIVERSITY PLAN; AND

(IV) FOR ALL LICENSE TYPES EXCEPT MICRO LICENSES, WHETHER OR NOT THE APPLICANT QUALIFIES AS A SOCIAL EQUITY APPLICANT.

(3) SECOND ROUND APPLICATION SUBMISSIONS FOR MICRO LICENSES UNDER THIS SUBSECTION ARE LIMITED TO SOCIAL EQUITY APPLICANTS.

(G) (1) FOR CANNABIS LICENSE AWARDS SUBSEQUENT TO THE ROUND SPECIFIED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE DIVISION SHALL AWARD LICENSES AS NEEDED IN ACCORDANCE WITH A MARKET DEMAND STUDY.

(2) THE DIVISION:

(I) SHALL DETERMINE WHETHER AN APPLICATION MEETS THE MINIMUM QUALIFICATIONS FOR A LOTTERY BASED ON FACTORS THAT IT DEVELOPS; AND

(II) MAY LIMIT SOME OR ALL OF THE LICENSES ISSUED UNDER THIS PARAGRAPH TO SOCIAL EQUITY APPLICANTS OR MINORITY BUSINESS APPLICANTS, IF DOING SO IS NEEDED TO ENSURE DIVERSITY AND INCLUSION IN THE INDUSTRY, AS WARRANTED BY THE DISPARITY STUDY.

36-405.

(A) A LOCAL JURISDICTION MAY:

(1) ESTABLISH REASONABLE ZONING REQUIREMENTS FOR CANNABIS BUSINESSES; AND

(2) DECIDE HOW TO DISTRIBUTE ITS ALLOCATION OF REVENUE UNDER § 2-1302.2 OF THE TAX – GENERAL ARTICLE.

(B) A LOCAL JURISDICTION MAY NOT:

(1) IMPOSE A TAX ON CANNABIS;

(2) ESTABLISH ZONING OR OTHER REQUIREMENTS THAT UNDULY BURDEN A CANNABIS LICENSEE;

(3) PROHIBIT TRANSPORTATION THROUGH OR DELIVERIES WITHIN THE LOCAL JURISDICTION BY CANNABIS ESTABLISHMENTS LOCATED IN OTHER JURISDICTIONS;

(4) PREVENT AN ENTITY WHOSE LICENSE MAY BE CONVERTED UNDER § 36-401(B)(1)(II) OF THIS SUBTITLE AND THAT IS IN COMPLIANCE WITH ALL RELEVANT MEDICAL CANNABIS REGULATIONS FROM BEING GRANTED THE LICENSE CONVERSION; OR

(5) NEGOTIATE OR ENTER INTO AN AGREEMENT WITH A CANNABIS ESTABLISHMENT OR A CANNABIS ESTABLISHMENT APPLICANT REQUIRING THAT THE CANNABIS ESTABLISHMENT OR APPLICANT PROVIDE MONEY, DONATIONS, IN-KIND CONTRIBUTIONS, SERVICES, OR ANYTHING OF VALUE TO THE LOCAL JURISDICTION.

(C) THE USE OF A FACILITY BY A CANNABIS LICENSEE IS NOT REQUIRED TO BE SUBMITTED TO, OR APPROVED BY, A COUNTY OR MUNICIPAL ZONING BOARD, AUTHORITY, OR UNIT IF IT WAS PROPERLY ZONED AND OPERATING ON OR BEFORE JANUARY 1, 2023.

36-406.

(A) THE DIVISION MAY ISSUE INCUBATOR SPACE LICENSES AUTHORIZING AN ENTITY TO OPERATE A LICENSED PREMISES IN WHICH MICRO LICENSEES MAY OPERATE A CANNABIS BUSINESS.

(B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION, IN CONSULTATION WITH THE DIVISION, SHALL ACQUIRE AND CONSTRUCT OR REFURBISH AT LEAST ONE FACILITY TO OPERATE AN INCUBATOR SPACE.

(C) THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION MAY ENTER

INTO A MEMORANDUM OF UNDERSTANDING WITH A NONPROFIT ORGANIZATION TO OPERATE A FACILITY UNDER SUBSECTION (B) OF THIS SECTION IF THE DIVISION AND THE CORPORATION PROVIDE OVERSIGHT OF THE FACILITY.

(D) THE DIVISION SHALL ADOPT REGULATIONS TO ESTABLISH A MARYLAND INCUBATOR PROGRAM BASED ON THE BEST PRACTICES IN OTHER STATES.

36-407.

(A) (1) THE DIVISION MAY ISSUE ON-SITE CONSUMPTION LICENSES AUTHORIZING AN ENTITY TO OPERATE A LICENSED PREMISES IN WHICH CANNABIS MAY BE CONSUMED IN ACCORDANCE WITH THIS TITLE AND ANY REGULATIONS ADOPTED UNDER THIS TITLE.

(2) AN ON-SITE CONSUMPTION ESTABLISHMENT MAY OPERATE ONLY IF THE COUNTY AND, IF APPLICABLE, THE MUNICIPALITY, WHERE THE BUSINESS IS LOCATED HAVE ISSUED A PERMIT OR LICENSE THAT EXPRESSLY ALLOWS THE OPERATION OF THE ON-SITE CONSUMPTION ESTABLISHMENT.

(B) SUBJECT TO THE LIMITATIONS IN § 36-405 OF THIS SUBTITLE, A COUNTY AND, IF APPLICABLE, A MUNICIPALITY MAY:

(1) PROHIBIT THE OPERATION OF ON-SITE CONSUMPTION ESTABLISHMENTS;

(2) PROHIBIT OR RESTRICT THE SMOKING OR VAPING OF CANNABIS AT ON-SITE CONSUMPTION ESTABLISHMENTS; OR

(3) ADOPT ZONING AND PLANNING REQUIREMENTS FOR ON-SITE CONSUMPTION ESTABLISHMENTS.

(C) (1) AN ON-SITE CONSUMPTION LICENSE AUTHORIZES AN ENTITY TO DISTRIBUTE CANNABIS OR CANNABIS PRODUCTS FOR ON-SITE CONSUMPTION.

(2) AN ON-SITE CONSUMPTION LICENSE DOES NOT AUTHORIZE THE HOLDER OF THE LICENSE TO:

(I) CULTIVATE CANNABIS;

(II) PROCESS CANNABIS OR CANNABIS-INFUSED PRODUCTS; OR

(III) ADD CANNABIS TO FOOD PREPARED OR SERVED ON THE

PREMISES.

(D) A FOOD SERVICE FACILITY, AS DEFINED IN § 21-301 OF THE HEALTH – GENERAL ARTICLE, MAY APPLY FOR A LICENSE TO OPERATE AN ON-SITE CONSUMPTION ESTABLISHMENT.

(E) THE DIVISION SHALL:

(1) MAINTAIN A LIST OF ALL ON-SITE CONSUMPTION ESTABLISHMENTS IN THE STATE; AND

(2) MAKE THE LIST AVAILABLE ON ITS WEBSITE.

(F) AN ON-SITE CONSUMPTION ESTABLISHMENT MAY NOT:

(1) ALLOW ON-DUTY EMPLOYEES OF THE BUSINESS TO CONSUME CANNABIS ON THE LICENSED PREMISES;

(2) DISTRIBUTE OR ALLOW THE DISTRIBUTION OF FREE SAMPLES OF CANNABIS ON THE LICENSED PREMISES;

(3) ALLOW THE CONSUMPTION OF ALCOHOL ON THE LICENSED PREMISES;

(4) ALLOW THE SMOKING OR VAPING OF TOBACCO OR TOBACCO PRODUCTS ON THE LICENSED PREMISES;

(5) ALLOW AN ACTIVITY ON THE LICENSED PREMISES THAT WOULD REQUIRE AN ADDITIONAL LICENSE UNDER THIS TITLE, INCLUDING GROWING, PROCESSING, OR DISPENSING;

(6) ALLOW THE USE OR CONSUMPTION OF CANNABIS BY A PATRON WHO DISPLAYS ANY VISIBLE SIGNS OF INTOXICATION; OR

(7) ADMIT ONTO THE LICENSED PREMISES AN INDIVIDUAL WHO IS UNDER THE AGE OF 21 YEARS.

(G) AN ON-SITE CONSUMPTION ESTABLISHMENT SHALL:

(1) REQUIRE ALL EMPLOYEES TO SUCCESSFULLY COMPLETE AN ANNUAL RESPONSIBLE VENDOR TRAINING PROGRAM AUTHORIZED UNDER THIS TITLE; AND

(2) ENSURE THAT THE DISPLAY AND CONSUMPTION OF CANNABIS OR CANNABIS PRODUCTS ARE NOT VISIBLE FROM OUTSIDE OF THE LICENSED PREMISES.

(H) (1) AN ON-SITE CANNABIS ESTABLISHMENT SHALL EDUCATE CONSUMERS BY PROVIDING INFORMATIONAL MATERIALS REGARDING THE SAFE CONSUMPTION OF CANNABIS.

(2) THE EDUCATIONAL MATERIALS PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION MUST BE BASED ON THE REQUIREMENTS ESTABLISHED BY THE CANNABIS PUBLIC HEALTH ADVISORY COUNCIL ESTABLISHED UNDER § 13-4502 OF THE HEALTH – GENERAL ARTICLE.

(I) THIS SECTION DOES NOT PROHIBIT A COUNTY OR MUNICIPALITY FROM ADOPTING ADDITIONAL REQUIREMENTS FOR EDUCATION ON THE SAFE CONSUMPTION OF CANNABIS ON THE PREMISES OF A LICENSED ON-SITE CONSUMPTION ESTABLISHMENT.

(J) A PERSON MAY HAVE AN OWNERSHIP INTEREST IN OR CONTROL OF, INCLUDING THE POWER TO MANAGE AND OPERATE, TWO ON-SITE CONSUMPTION ESTABLISHMENTS LICENSED UNDER THIS SECTION.

36-408.

(A) (1) THE DIVISION SHALL REGISTER AT LEAST ONE INDEPENDENT TESTING LABORATORY TO TEST CANNABIS AND CANNABIS PRODUCTS THAT ARE TO BE SOLD IN THE STATE.

(2) THE DIVISION SHALL HOLD MEDICAL AND ADULT-USE CANNABIS TESTING TO THE SAME STANDARDS.

(B) TO BE REGISTERED AS AN INDEPENDENT TESTING LABORATORY, A LABORATORY MUST:

(1) MEET THE APPLICATION REQUIREMENTS ESTABLISHED BY THE DIVISION;

(2) PAY AN APPLICATION FEE DETERMINED BY THE DIVISION; AND

(3) MEET THE STANDARDS AND REQUIREMENTS FOR ACCREDITATION, INSPECTION, AND TESTING ESTABLISHED BY THE DIVISION.

(C) (1) AN INDEPENDENT TESTING LABORATORY LICENSE IS VALID FOR

2 YEARS ON INITIAL LICENSURE.

(2) AN INDEPENDENT TESTING LABORATORY LICENSE IS VALID FOR 2 YEARS ON RENEWAL.

(D) A REGISTERED INDEPENDENT TESTING LABORATORY IS AUTHORIZED TO TEST AND TRANSPORT CANNABIS AND CANNABIS PRODUCTS ON BEHALF OF CANNABIS LICENSEES.

(E) (1) A LABORATORY AGENT OR AN EMPLOYEE OF AN INDEPENDENT TESTING LABORATORY MAY NOT RECEIVE DIRECT OR INDIRECT FINANCIAL COMPENSATION, OTHER THAN REASONABLE CONTRACTUAL FEES TO CONDUCT TESTING, FROM ANY ENTITY FOR WHICH IT IS CONDUCTING TESTING UNDER THIS TITLE.

(2) AN INDIVIDUAL WHO POSSESSES AN INTEREST IN OR IS A LABORATORY AGENT EMPLOYED BY AN INDEPENDENT TESTING LABORATORY, OR AN IMMEDIATE FAMILY MEMBER OF THE INDIVIDUAL, MAY NOT POSSESS AN INTEREST IN OR BE EMPLOYED BY A CANNABIS LICENSEE.

(F) CANNABIS AND CANNABIS PRODUCTS MAY NOT BE SOLD OR OTHERWISE MARKETED UNDER THIS TITLE IF THE CANNABIS OR CANNABIS PRODUCT HAS NOT BEEN TESTED BY AN INDEPENDENT TESTING LABORATORY AND DETERMINED TO MEET THE DIVISION'S TESTING PROTOCOLS.

(G) THE DIVISION SHALL ADOPT REGULATIONS THAT ESTABLISH:

(1) THE STANDARDS AND REQUIREMENTS TO BE MET BY AN INDEPENDENT TESTING LABORATORY TO OBTAIN A REGISTRATION;

(2) THE STANDARDS OF CARE TO BE FOLLOWED BY AN INDEPENDENT TESTING LABORATORY; AND

(3) THE BASIS AND PROCESSES FOR DENIAL, REVOCATION, AND SUSPENSION OF A REGISTRATION OF AN INDEPENDENT TESTING LABORATORY.

(H) THE DIVISION MAY INSPECT AN INDEPENDENT TESTING LABORATORY REGISTERED UNDER THIS SECTION TO ENSURE COMPLIANCE WITH THIS TITLE AND ANY REGULATIONS ADOPTED UNDER THIS TITLE.

(I) (1) ANY REGISTRATION TO OPERATE AN INDEPENDENT TESTING LABORATORY ISSUED BY THE NATALIE M. LAPRADE MEDICAL CANNABIS COMMISSION ON OR BEFORE JULY 1, 2023, SHALL BE VALID UNDER THIS TITLE AND

SHALL AUTHORIZE AN INDEPENDENT TESTING LABORATORY TO PERFORM TESTING ON MEDICAL AND ADULT-USE CANNABIS AND CANNABIS PRODUCTS.

(2) THE DIVISION SHALL CONVERT ALL INDEPENDENT TESTING LABORATORY REGISTRATIONS IN ACCORDANCE WITH THIS SUBSECTION.

36-409.

(A) THE FOLLOWING BUSINESSES SHALL REGISTER WITH THE DIVISION IN ORDER TO PROVIDE SERVICES TO A CANNABIS LICENSEE:

(1) A TRANSPORTER;

(2) A SECURITY GUARD AGENCY;

(3) A WASTE DISPOSAL COMPANY; AND

(4) ANY OTHER TYPE OF CANNABIS BUSINESS THAT IS AUTHORIZED BY THE DIVISION TO PROVIDE PLANT OR PRODUCT-TOUCHING SERVICES TO CANNABIS LICENSEES.

(B) THE DIVISION SHALL ADOPT REGULATIONS THAT ESTABLISH:

(1) THE STANDARDS AND REQUIREMENTS TO BE MET BY AN ENTITY TO OBTAIN A REGISTRATION UNDER THIS SUBTITLE; AND

(2) THE BASIS AND PROCESSES FOR APPROVAL, DENIAL, REVOCATION, AND SUSPENSION OF THE CANNABIS REGISTRATION.

(C) A REGISTRATION TO OPERATE A TRANSPORTER, SECURITY GUARD AGENCY, OR WASTE DISPOSAL COMPANY ISSUED BY THE DIVISION ON OR BEFORE JULY 1, 2023, SHALL BE VALID UNDER THIS TITLE AND AUTHORIZE A TRANSPORTER, SECURITY GUARD AGENCY, OR WASTE DISPOSAL COMPANY TO HANDLE MEDICAL AND ADULT-USE CANNABIS AND CANNABIS PRODUCTS.

36-410.

BEGINNING JULY 1, 2023, A CANNABIS LICENSEE THAT IS OPERATING A DISPENSARY SHALL:

(1) ENSURE THAT IT HAS ADEQUATE SUPPLY FOR QUALIFYING PATIENTS AND CAREGIVERS; AND

(2) SET ASIDE OPERATING HOURS TO SERVE ONLY QUALIFYING PATIENTS AND CAREGIVERS.

SUBTITLE 5. AGENT, OWNER, AND LICENSE TRANSFER REQUIREMENTS.

36-501.

(A) EACH CANNABIS AGENT SHALL BE REGISTERED WITH THE DIVISION BEFORE THE AGENT MAY VOLUNTEER OR WORK FOR A CANNABIS LICENSEE OR CANNABIS REGISTRANT.

(B) A CANNABIS AGENT REGISTRATION IS VALID FOR 2 YEARS.

(C) TO BE ELIGIBLE TO REGISTER WITH THE DIVISION, A CANNABIS AGENT MUST:

(1) BE AT LEAST 21 YEARS OLD; AND

(2) IF THE RECORDS ARE LEGALLY ACCESSIBLE, OBTAIN A STATE AND NATIONAL CRIMINAL HISTORY RECORDS CHECK IN ACCORDANCE WITH § 36-505 OF THIS SUBTITLE.

(D) THE DIVISION MAY NOT REGISTER AS A CANNABIS AGENT AN INDIVIDUAL WHO:

(1) DOES NOT MEET THE CRITERIA ESTABLISHED UNDER SUBSECTION (C) OF THIS SECTION; OR

(2) HAS BEEN CONVICTED OF OR PLEADED NOLO CONTENDERE TO A CRIME INVOLVING MORAL TURPITUDE, WHETHER OR NOT ANY APPEAL OR OTHER PROCEEDING IS PENDING TO HAVE THE CONVICTION OR PLEA SET ASIDE.

(E) THE DIVISION MAY NOT DENY A CANNABIS AGENT REGISTRATION BASED ON ANY CANNABIS-RELATED OFFENSES OCCURRING BEFORE JANUARY 1, 2023.

36-502.

(A) AN INDIVIDUAL WISHING TO HOLD AN OWNERSHIP INTEREST OF 5% OR GREATER IN, OR CONTROL OF, A CANNABIS LICENSEE SHALL SUBMIT TO THE DIVISION:

(1) AN APPLICATION THAT INCLUDES THE NAME, ADDRESS, AND DATE

OF BIRTH OF THE APPLICANT;

(2) A STATEMENT SIGNED BY THE APPLICANT ASSERTING THAT THE APPLICANT HAS NOT PREVIOUSLY HAD A CANNABIS LICENSE OR CANNABIS REGISTRATION SUSPENDED OR REVOKED;

(3) A STATE AND NATIONAL CRIMINAL HISTORY RECORDS CHECK IN ACCORDANCE WITH § 36-505 OF THIS SUBTITLE;

(4) ANY INFORMATION REQUIRED BY THE DIVISION TO COMPLETE AN INVESTIGATION INTO THE BACKGROUND OF THE APPLICANT, INCLUDING FINANCIAL RECORDS AND OTHER INFORMATION RELATING TO THE BUSINESS AFFAIRS OF THE APPLICANT; AND

(5) AN APPLICATION FEE IN AN AMOUNT TO BE DETERMINED BY THE DIVISION IN ACCORDANCE WITH THIS SUBTITLE.

(B) THE DIVISION MAY DENY AN APPLICATION IF:

(1) THE APPLICANT:

(I) FAILS TO SUBMIT THE INFORMATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION; OR

(II) HAS BEEN CONVICTED OF OR PLEADED NOLO CONTENDERE TO A CRIME INVOLVING MORAL TURPITUDE, WHETHER OR NOT ANY APPEAL OR OTHER PROCEEDING IS PENDING TO HAVE THE CONVICTION OR PLEA SET ASIDE; OR

(2) THE DIVISION FINDS A SUBSTANTIAL REASON TO DENY THE REGISTRATION.

36-503.

(A) A CANNABIS LICENSE GRANTED UNDER THIS TITLE IS NOT TRANSFERABLE EXCEPT AS PROVIDED IN THIS SECTION.

(B) TO TRANSFER OWNERSHIP OR CONTROL OF A LICENSE ISSUED UNDER THIS TITLE, A LICENSEE:

(1) SHALL SUBMIT TO THE DIVISION:

(I) AN APPLICATION FEE IN AN AMOUNT TO BE DETERMINED BY THE DIVISION IN ACCORDANCE WITH THIS SUBTITLE; AND

(II) AN APPLICATION DEVELOPED BY THE DIVISION; AND

(2) MUST MEET THE REQUIREMENTS FOR TRANSFER OF OWNERSHIP OR CONTROL ESTABLISHED BY THE DIVISION UNDER THIS TITLE.

(C) (1) A CANNABIS LICENSEE, INCLUDING A CANNABIS LICENSEE WHOSE LICENSE WAS CONVERTED IN ACCORDANCE WITH § 36-401 OF THIS TITLE, MAY NOT TRANSFER OWNERSHIP OR CONTROL OF THE LICENSE FOR A PERIOD OF AT LEAST 5 YEARS FOLLOWING LICENSURE.

(2) THE 5-YEAR PERIOD SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION DOES NOT INCLUDE THE TIME PERIOD THAT A BUSINESS IS CONSIDERED BY THE DIVISION TO BE IN A PREAPPROVED LICENSURE STATUS.

(3) THE LIMITATIONS UNDER THIS SUBSECTION DO NOT APPLY TO TRANSFERS AS A RESULT OF THE DEATH OF THE OWNER OF A CANNABIS LICENSE.

36-504.

(A) IN THIS SECTION, “OWNER” INCLUDES ANY TYPE OF OWNER OR BENEFICIARY OF A BUSINESS ENTITY, INCLUDING A PRINCIPAL OFFICER, A DIRECTOR, A PRINCIPAL EMPLOYEE, A PARTNER, AN INVESTOR, A STOCKHOLDER, OR A BENEFICIAL OWNER OF THE BUSINESS ENTITY AND, NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, A PERSON HAVING ANY OWNERSHIP INTEREST REGARDLESS OF THE PERCENTAGE OF OWNERSHIP INTEREST.

(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A CONSTITUTIONAL OFFICER OR A SECRETARY OF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF THE STATE GOVERNMENT MAY NOT:

(1) BE AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE; OR

(2) HAVE AN OFFICIAL RELATIONSHIP WITH A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE.

(C) A CONSTITUTIONAL OFFICER OR A SECRETARY OF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF THE STATE GOVERNMENT MAY REMAIN AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE UNDER THIS TITLE IF THE CONSTITUTIONAL OFFICER OR SECRETARY WAS AN OWNER OR EMPLOYEE OF THE BUSINESS ENTITY BEFORE THE CONSTITUTIONAL OFFICER’S ELECTION OR APPOINTMENT OR THE SECRETARY’S APPOINTMENT.

(D) A MEMBER OF THE GENERAL ASSEMBLY MAY NOT:

(1) BE AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE; OR

(2) HAVE AN OFFICIAL RELATIONSHIP WITH A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE.

(E) A FORMER MEMBER OF THE GENERAL ASSEMBLY, FOR THE 1-YEAR PERIOD IMMEDIATELY AFTER THE MEMBER LEAVES OFFICE, MAY NOT:

(1) BE AN OWNER OR AN EMPLOYEE OF A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE; OR

(2) HAVE AN OFFICIAL RELATIONSHIP WITH A BUSINESS ENTITY THAT HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE.

(F) AN EMPLOYEE OF THE DIVISION MAY NOT:

(1) HAVE A DIRECT OR INDIRECT FINANCIAL, OWNERSHIP, OR MANAGEMENT INTEREST, INCLUDING OWNERSHIP OF ANY STOCKS, BONDS, OR OTHER SIMILAR FINANCIAL INSTRUMENTS, IN ANY CANNABIS LICENSEE;

(2) HAVE AN OFFICIAL RELATIONSHIP WITH A PERSON WHO HOLDS A LICENSE OR REGISTRATION UNDER THIS TITLE;

(3) BE AN ELECTED OFFICIAL OF STATE OR LOCAL GOVERNMENT;

(4) RECEIVE OR SHARE IN, DIRECTLY OR INDIRECTLY, THE RECEIPTS OR PROCEEDS OF A CANNABIS LICENSEE; OR

(5) HAVE A BENEFICIAL INTEREST IN A CONTRACT FOR THE MANUFACTURE OR SALE OF CANNABIS OR THE PROVISION OF INDEPENDENT CONSULTING SERVICES IN CONNECTION WITH A CANNABIS LICENSE.

36-505.

(A) IN THIS SECTION, "CENTRAL REPOSITORY" MEANS THE CRIMINAL JUSTICE INFORMATION SYSTEM CENTRAL REPOSITORY IN THE DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES.

(B) AS PART OF AN APPLICATION TO THE CENTRAL REPOSITORY FOR A

STATE AND NATIONAL CRIMINAL HISTORY RECORDS CHECK, AN APPLICANT SHALL SUBMIT TO THE CENTRAL REPOSITORY:

(1) TWO COMPLETE SETS OF LEGIBLE FINGERPRINTS TAKEN ON FORMS APPROVED BY THE DIRECTOR OF THE CENTRAL REPOSITORY AND THE DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION;

(2) THE FEE AUTHORIZED UNDER § 10-221(B)(7) OF THE CRIMINAL PROCEDURE ARTICLE FOR ACCESS TO STATE CRIMINAL HISTORY RECORDS; AND

(3) THE PROCESSING FEE REQUIRED BY THE FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY RECORDS CHECK.

(C) IN ACCORDANCE WITH §§ 10-201 THROUGH 10-228 OF THE CRIMINAL PROCEDURE ARTICLE, THE CENTRAL REPOSITORY SHALL FORWARD TO THE DIVISION AND TO THE APPLICANT THE APPLICANT'S CRIMINAL HISTORY RECORD INFORMATION.

(D) IF AN APPLICANT HAS MADE TWO OR MORE UNSUCCESSFUL ATTEMPTS AT SECURING LEGIBLE FINGERPRINTS, THE DIVISION MAY ACCEPT AN ALTERNATE METHOD OF A CRIMINAL HISTORY RECORDS CHECK AS PERMITTED BY THE DIRECTOR OF THE CENTRAL REPOSITORY AND THE DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION.

(E) INFORMATION OBTAINED FROM THE CENTRAL REPOSITORY UNDER THIS SECTION SHALL BE:

(1) CONFIDENTIAL AND MAY NOT BE REDISSEMINATED; AND

(2) USED ONLY FOR THE PURPOSE OF REGISTRATION UNDER THIS TITLE.

(F) THE SUBJECT OF A CRIMINAL HISTORY RECORDS CHECK UNDER THIS SECTION MAY CONTEST THE CRIMINAL HISTORY RECORD INFORMATION DISSEMINATED BY THE CENTRAL REPOSITORY, AS PROVIDED IN § 10-223 OF THE CRIMINAL PROCEDURE ARTICLE.

SUBTITLE 6. MEDICAL CANNABIS COMPASSIONATE USE FUND AND PROGRAM.

36-601.

(A) THERE IS A MEDICAL CANNABIS COMPASSIONATE USE FUND.

(B) (1) THE DIVISION SHALL:

(I) ADMINISTER THE COMPASSIONATE USE FUND; AND

(II) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ESTABLISH FEES IN AN AMOUNT NECESSARY TO PROVIDE REVENUES FOR THE PURPOSES OF THE COMPASSIONATE USE FUND.

(2) THE DIVISION MAY NOT IMPOSE THE FEES ESTABLISHED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION ON A LICENSED MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY DURING THE 2-YEAR PERIOD IMMEDIATELY FOLLOWING THE ISSUANCE OF A LICENSE UNDER THIS TITLE.

(C) THE PURPOSE OF THE COMPASSIONATE USE FUND IS TO PROVIDE ACCESS TO CANNABIS FOR INDIVIDUALS ENROLLED IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM OR IN THE VETERANS AFFAIRS MARYLAND HEALTH CARE SYSTEM, INCLUDING ACCESS TO, AT A REDUCED COST:

(1) AN ASSESSMENT OF THE PATIENT'S MEDICAL HISTORY AND CURRENT MEDICAL CONDITION; AND

(2) MEDICAL CANNABIS FROM A LICENSED DISPENSARY.

(D) (1) THE COMPASSIONATE USE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE COMPASSIONATE USE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE COMPASSIONATE USE FUND.

(3) THE COMPASSIONATE USE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS, AND ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT OF THE COMPASSIONATE USE FUND.

(4) THE COMPASSIONATE USE FUND SHALL BE SUBJECT TO AN AUDIT BY THE OFFICE OF LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE GOVERNMENT ARTICLE.

(5) THE COMPTROLLER SHALL PAY OUT MONEY FROM THE COMPASSIONATE USE FUND AS DIRECTED BY THE DIVISION.

(E) NO PART OF THE COMPASSIONATE USE FUND MAY REVERT OR BE CREDITED TO:

- (1) THE GENERAL FUND OF THE STATE; OR**
- (2) ANY OTHER SPECIAL FUND OF THE STATE.**

(F) EXPENDITURES FROM THE COMPASSIONATE USE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(G) THE DIVISION SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

SUBTITLE 7. CANNABIS RESEARCH AND DEVELOPMENT.

36-701.

(A) (1) AN INSTITUTION OF HIGHER EDUCATION, A RELATED MEDICAL FACILITY, OR AN AFFILIATED BIOMEDICAL RESEARCH FIRM MAY REGISTER WITH THE DIVISION TO PURCHASE CANNABIS FOR THE PURPOSE OF CONDUCTING A BONA FIDE RESEARCH PROJECT RELATING TO THE USES, PROPERTIES, OR COMPOSITION OF CANNABIS.

(2) A REGISTRATION FILED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE:

- (I) THE NAME OF THE PRIMARY RESEARCHER;**
 - (II) THE EXPECTED DURATION OF THE RESEARCH PROJECT;**
- AND**
- (III) THE PRIMARY OBJECTIVES OF THE RESEARCH PROJECT.**

(3) A REGISTRATION FILED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL REMAIN VALID UNTIL THERE IS A CHANGE IN THE RESEARCH PROJECT OR A WITHDRAWAL OF THE REGISTRATION.

(B) AN ACADEMIC RESEARCH REPRESENTATIVE MAY PURCHASE CANNABIS FROM A LICENSED DISPENSARY.

(C) AN ACADEMIC RESEARCH REPRESENTATIVE MAY NOT BE PENALIZED OR ARRESTED UNDER STATE LAW FOR ACQUIRING, POSSESSING, OR DISPENSING CANNABIS, PRODUCTS CONTAINING CANNABIS, RELATED SUPPLIES, OR

EDUCATIONAL MATERIALS FOR USE IN A BONA FIDE RESEARCH PROJECT RELATING TO THE USES, PROPERTIES, OR COMPOSITION OF CANNABIS.

(D) THE DIVISION MAY ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.

36-702.

(A) THE DIVISION MAY REGISTER AN ENTITY TO GROW, PROCESS, TEST, AND TRANSFER CANNABIS FOR THE PURPOSES OF RESEARCH AND DEVELOPMENT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION.

(B) A REGISTRATION ISSUED UNDER SUBSECTION (A) OF THIS SECTION AUTHORIZES THE REGISTRANT ONLY TO:

- (1) TEST CHEMICAL POTENCY AND COMPOSITION LEVELS;**
- (2) CONDUCT CLINICAL INVESTIGATIONS OF CANNABIS-DERIVED MEDICINAL PRODUCTS;**
- (3) CONDUCT RESEARCH ON THE EFFICACY AND SAFETY OF ADMINISTERING CANNABIS AS PART OF MEDICAL TREATMENT;**
- (4) CONDUCT GENOMIC, HORTICULTURAL, OR AGRICULTURAL RESEARCH; AND**
- (5) CONDUCT RESEARCH ON CANNABIS-AFFILIATED PRODUCTS OR SYSTEMS.**

(C) TO OBTAIN A RESEARCH AND DEVELOPMENT REGISTRATION, AN APPLICANT SHALL SUBMIT TO THE DIVISION:

- (1) AN APPLICATION FEE IN AN AMOUNT TO BE DETERMINED BY THE DIVISION; AND**
- (2) AN APPLICATION DEVELOPED BY THE DIVISION.**

(D) AN APPLICANT FOR A RESEARCH AND DEVELOPMENT REGISTRATION MUST MEET THE REGISTRATION STANDARDS AND REQUIREMENTS ESTABLISHED BY THE DIVISION.

(E) (1) A RESEARCH AND DEVELOPMENT REGISTRATION IS VALID FOR AN INITIAL TERM OF 2 YEARS.

(2) A RESEARCH AND DEVELOPMENT REGISTRATION IS VALID FOR 2 YEARS ON RENEWAL.

(F) A RESEARCH AND DEVELOPMENT REGISTRANT MAY TRANSFER, BY SALE OR DONATION, CANNABIS GROWN WITHIN ITS OPERATION ONLY TO OTHER RESEARCH AND DEVELOPMENT REGISTRANTS.

(G) A RESEARCH AND DEVELOPMENT REGISTRANT MAY CONTRACT TO PERFORM RESEARCH IN CONJUNCTION WITH A PUBLIC HIGHER EDUCATION RESEARCH INSTITUTION OR ANOTHER RESEARCH AND DEVELOPMENT REGISTRANT.

SUBTITLE 8. REPORTS.

36-801.

(A) ON OR BEFORE JUNE 30 EACH YEAR, EACH ENTITY LICENSED OR REGISTERED UNDER THIS TITLE SHALL REPORT TO THE DIVISION ON:

(1) THE NUMBER OF MINORITY AND WOMEN OWNERS OF THE CANNABIS LICENSEE OR CANNABIS REGISTRANT;

(2) THE OWNERSHIP INTEREST OF ANY MINORITY AND WOMEN OWNERS OF THE CANNABIS LICENSEE OR CANNABIS REGISTRANT; AND

(3) THE NUMBER OF MINORITY AND WOMEN EMPLOYEES OF THE CANNABIS LICENSEE OR CANNABIS REGISTRANT.

(B) ON OR BEFORE JANUARY 1 EACH YEAR, THE DIVISION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE INFORMATION REPORTED UNDER SUBSECTION (A) OF THIS SECTION.

36-802.

ON OR BEFORE JANUARY 1 EACH ODD-NUMBERED YEAR, THE DIVISION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON:

(1) THE AMOUNT OF CANNABIS CULTIVATED, PROCESSED, AND DISPENSED BY STANDARD AND MICRO LICENSEES; AND

(2) WHETHER THE SUPPLY OF CANNABIS IS ADEQUATE TO MEET THE

DEMAND FOR CANNABIS AND CANNABIS PRODUCTS.**36-803.**

THE DIVISION SHALL PUBLISH THE FOLLOWING DATA, ORGANIZED BY MONTH, ON A ROLLING BASIS AND ON A PUBLICLY ACCESSIBLE PART OF THE COMMISSION'S WEBSITE:

(1) THE NUMBER OF PATIENTS, CAREGIVERS, AND PROVIDERS CERTIFIED UNDER THIS TITLE;

(2) THE WHOLESALE AND RETAIL SALES OF MEDICAL AND ADULT-USE CANNABIS, MEASURED BY REVENUE AND VOLUME; AND

(3) THE MEDIAN CONSUMER PRICE FOR CANNABIS AND CANNABIS PRODUCTS.

SUBTITLE 9. ADVERTISING.**36-901.**

(A) ADVERTISEMENTS FOR MEDICAL CANNABIS AND MEDICAL CANNABIS PRODUCTS OR MEDICAL CANNABIS-RELATED SERVICES THAT MAKE THERAPEUTIC OR MEDICAL CLAIMS SHALL:

(1) BE SUPPORTED BY SUBSTANTIAL CLINICAL EVIDENCE OR SUBSTANTIAL CLINICAL DATA; AND

(2) INCLUDE INFORMATION ON THE MOST SIGNIFICANT SIDE EFFECTS OR RISKS ASSOCIATED WITH THE USE OF CANNABIS.

(B) ADVERTISEMENTS FOR MEDICAL CANNABIS OR MEDICAL CANNABIS PRODUCTS SHALL INCLUDE A STATEMENT THAT THE PRODUCT IS FOR USE ONLY BY A QUALIFYING PATIENT.

36-902.

(A) AN ADVERTISEMENT FOR A CANNABIS LICENSEE, CANNABIS PRODUCT, OR CANNABIS-RELATED SERVICE MAY NOT:

(1) MAKE A STATEMENT THAT IS FALSE OR MISLEADING IN A MATERIAL WAY OR IS OTHERWISE A VIOLATION OF TITLE 13, SUBTITLE 3 OF THE COMMERCIAL LAW ARTICLE;

(2) CONTAIN A DESIGN, AN ILLUSTRATION, A PICTURE, OR A REPRESENTATION THAT:

(I) TARGETS OR IS ATTRACTIVE TO MINORS, INCLUDING A CARTOON CHARACTER, A MASCOT, OR ANY OTHER DEPICTION THAT IS COMMONLY USED TO MARKET PRODUCTS TO MINORS;

(II) DISPLAYS THE USE OF CANNABIS, INCLUDING THE CONSUMPTION, SMOKING, OR VAPING OF CANNABIS;

(III) ENCOURAGES OR PROMOTES CANNABIS FOR USE AS AN INTOXICANT; OR

(IV) IS OBSCENE;

(3) ENGAGE IN ADVERTISING BY MEANS OF TELEVISION, RADIO, INTERNET, MOBILE APPLICATION, SOCIAL MEDIA, OR OTHER ELECTRONIC COMMUNICATION, OR PRINT PUBLICATION, UNLESS AT LEAST 85% OF THE AUDIENCE IS REASONABLY EXPECTED TO BE AT LEAST 21 YEARS OLD AS DETERMINED BY RELIABLE AND CURRENT AUDIENCE COMPOSITION DATA; OR

(4) ENGAGE IN ADVERTISING BY MEANS OF PLACING AN ADVERTISEMENT ON THE SIDE OF A BUILDING OR ANOTHER PUBLICLY VISIBLE LOCATION OF ANY FORM, INCLUDING A SIGN, A POSTER, A PLACARD, A DEVICE, A GRAPHIC DISPLAY, AN OUTDOOR BILLBOARD, OR A FREESTANDING SIGNBOARD.

(B) (1) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, EACH WEBSITE OWNED, MANAGED, OR OPERATED BY A CANNABIS LICENSEE SHALL EMPLOY A NEUTRAL AGE-SCREENING MECHANISM THAT VERIFIES THAT THE USER IS AT LEAST 21 YEARS OLD, INCLUDING BY USING AN AGE-GATE, AGE-SCREEN, OR AGE VERIFICATION MECHANISM.

(II) IF A WEBSITE IS APPROPRIATE FOR A QUALIFYING PATIENT WHO IS UNDER THE AGE OF 21 YEARS, THE WEBSITE SHALL PROVIDE AN ALTERNATIVE SCREENING MECHANISM FOR THE QUALIFYING PATIENT.

(2) AN ADVERTISEMENT PLACED ON SOCIAL MEDIA OR A MOBILE APPLICATION SHALL INCLUDE A NOTIFICATION THAT AN INDIVIDUAL MUST BE AT LEAST 21 YEARS OLD TO VIEW THE CONTENT.

(C) THE DIVISION SHALL ADOPT REGULATIONS TO ESTABLISH:

(1) PROCEDURES FOR THE ENFORCEMENT OF THIS SECTION; AND

(2) A PROCESS FOR AN INDIVIDUAL TO VOLUNTARILY SUBMIT AN ADVERTISEMENT TO THE DIVISION FOR AN ADVISORY OPINION ON WHETHER THE ADVERTISEMENT COMPLIES WITH THE RESTRICTIONS ON ADVERTISEMENTS FOR CANNABIS, CANNABIS PRODUCTS, EDIBLE CANNABIS PRODUCTS, AND CANNABIS-RELATED SERVICES.

SUBTITLE 10. RESPONSIBLE VENDOR TRAINING PROGRAM.

36-1001.

(A) IF A PERSON WOULD LIKE TO OFFER A RESPONSIBLE MEDICAL OR ADULT-USE CANNABIS VENDOR, SERVER, AND SELLER TRAINING PROGRAM, THE PERSON MUST SUBMIT AN APPLICATION TO THE DIVISION.

(B) THE DIVISION SHALL APPROVE THE APPLICATION IF THE PROPOSED TRAINING PROGRAM MEETS THE MINIMUM EDUCATIONAL STANDARDS ESTABLISHED UNDER SUBSECTION (C) OF THIS SECTION.

(C) AT A MINIMUM, A TRAINING PROGRAM MUST:

(1) BE TAUGHT IN A CLASSROOM OR VIRTUAL SETTING FOR AT LEAST A 2-HOUR PERIOD;

(2) ESTABLISH PROGRAM STANDARDS, INCLUDING CERTIFICATION AND RECERTIFICATION REQUIREMENTS, RECORD KEEPING, TESTING AND ASSESSMENT PROTOCOLS, AND EFFECTIVENESS EVALUATIONS; AND

(3) PROVIDE A CORE CURRICULUM OF RELEVANT STATUTORY AND REGULATORY PROVISIONS, WHICH SHALL INCLUDE:

(I) INFORMATION ON REQUIRED LICENSES, AGE REQUIREMENTS, PATIENT REGISTRY CARDS ISSUED BY THE DIVISION, MAINTENANCE OF RECORDS, PRIVACY ISSUES, AND UNLAWFUL ACTS;

(II) ADMINISTRATIVE AND CRIMINAL LIABILITY AND LICENSE AND COURT SANCTIONS;

(III) STATUTORY AND REGULATORY REQUIREMENTS FOR EMPLOYEES AND OWNERS;

(IV) STATUTORY AND REGULATORY REQUIREMENTS RELATED

TO CANNABIS SALE, TRANSFER, AND DELIVERY;

(V) ACCEPTABLE FORMS OF IDENTIFICATION, INCLUDING PATIENT AND CAREGIVER IDENTIFICATION CARDS;

(VI) STATE AND LOCAL LICENSING AND ENFORCEMENT; AND

(VII) INFORMATION ON SERVING SIZE, THC AND CANNABINOID POTENCY, AND IMPAIRMENT.

36-1002.

THE DIVISION SHALL ADOPT REGULATIONS ESTABLISHING THE RESPONSIBLE VENDOR TRAINING PROGRAM AND THE MINIMUM STANDARDS FOR THE PROGRAM.

36-1003.

A PROVIDER OF AN APPROVED TRAINING PROGRAM SHALL:

(1) MAINTAIN ITS TRAINING RECORDS AT ITS PRINCIPAL PLACE OF BUSINESS FOR AT LEAST 4 YEARS; AND

(2) MAKE THE RECORDS AVAILABLE FOR INSPECTION BY THE DIVISION.

SUBTITLE 11. PROHIBITED ACTS.

36-1101.

(A) A CANNABIS LICENSEE MAY NOT SELL, TRANSFER, OR DELIVER CANNABIS OR CANNABIS PRODUCTS UNLESS THE LICENSEE VERIFIES BY MEANS OF A VALID DRIVER'S LICENSE OR OTHER GOVERNMENT-ISSUED PHOTO IDENTIFICATION CONTAINING THE BEARER'S DATE OF BIRTH THAT:

(1) FOR ADULT-USE CANNABIS, THE CONSUMER IS AT LEAST 21 YEARS OLD; OR

(2) FOR MEDICAL CANNABIS, THE PATIENT OR CAREGIVER IS:

(I) REGISTERED WITH THE DIVISION; AND

(II) AT LEAST 18 YEARS OLD.

(B) (1) A LICENSEE THAT SELLS, TRANSFERS, OR DELIVERS CANNABIS OR CANNABIS PRODUCTS IN VIOLATION OF SUBSECTION (A) OF THIS SECTION IS SUBJECT TO A CIVIL PENALTY OF:

(I) \$500 FOR A FIRST VIOLATION;

(II) \$1,000 FOR A SECOND VIOLATION OCCURRING WITHIN 24 MONTHS AFTER THE FIRST VIOLATION; AND

(III) \$5,000 FOR EACH SUBSEQUENT VIOLATION OCCURRING WITHIN 24 MONTHS AFTER THE IMMEDIATELY PRECEDING VIOLATION.

(2) THE DIVISION MAY DENY A CANNABIS LICENSE TO AN APPLICANT, REPRIMAND A CANNABIS LICENSEE, OR SUSPEND OR REVOKE A CANNABIS LICENSE IF THE APPLICANT OR LICENSEE VIOLATES SUBSECTION (A) OF THIS SECTION TWO OR MORE TIMES IN A 24-MONTH PERIOD.

(3) IN A HEARING FOR AN ALLEGED VIOLATION OF THIS SECTION, IT IS A DEFENSE THAT AN AGENT OF THE DEFENDANT EXAMINED THE CONSUMER'S, PATIENT'S, OR CAREGIVER'S DRIVER'S LICENSE OR OTHER VALID IDENTIFICATION ISSUED BY A GOVERNMENTAL UNIT THAT POSITIVELY IDENTIFIED THE CONSUMER, PATIENT, OR CAREGIVER AS MEETING THE MINIMUM AGE SPECIFIED IN SUBSECTION (A) OF THIS SECTION.

(C) (1) A CANNABIS LICENSEE MAY NOT:

(I) SELL, TRANSFER, OR DELIVER CANNABIS TO AN INDIVIDUAL WHO IS VISIBLY INTOXICATED; OR

(II) OFFER CANNABIS OR CANNABIS PRODUCTS AS A PRIZE, PREMIUM, OR CONSIDERATION FOR A LOTTERY, CONTEST, GAME OF CHANCE, GAME OF SKILL, OR COMPETITION OF ANY KIND.

(2) A CANNABIS LICENSEE THAT VIOLATES PARAGRAPH (1) OF THIS SUBSECTION IS SUBJECT TO A FINE NOT EXCEEDING \$1,000, SUSPENSION OR REVOCATION OF A LICENSE, OR BOTH.

36-1102.

(A) THIS TITLE MAY NOT BE CONSTRUED TO AUTHORIZE AN INDIVIDUAL TO:

(1) OPERATE, NAVIGATE, OR BE IN ACTUAL PHYSICAL CONTROL OF A

MOTOR VEHICLE, AIRCRAFT, OR BOAT WHILE UNDER THE INFLUENCE OF CANNABIS;

(2) USE CANNABIS IN A PUBLIC PLACE;

(3) USE CANNABIS IN A MOTOR VEHICLE;

(4) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, SMOKE CANNABIS ON A PRIVATE PROPERTY THAT:

(I) 1. IS RENTED FROM A LANDLORD; AND

2. IS SUBJECT TO A POLICY THAT PROHIBITS THE SMOKING OF CANNABIS ON THE PROPERTY; OR

(II) IS SUBJECT TO A POLICY THAT PROHIBITS THE SMOKING OF CANNABIS ON THE PROPERTY OF AN ATTACHED DWELLING ADOPTED BY ONE OF THE FOLLOWING ENTITIES:

1. THE BOARD OF DIRECTORS OF THE COUNCIL OF UNIT OWNERS OF A CONDOMINIUM REGIME; OR

2. THE GOVERNING BODY OF A HOMEOWNERS ASSOCIATION; OR

(5) POSSESS CANNABIS, INCLUDING CANNABIS PRODUCTS, IN A LOCAL DETENTION FACILITY, COUNTY JAIL, STATE PRISON, REFORMATORY, OR OTHER CORRECTIONAL FACILITY, INCLUDING A FACILITY FOR THE DETENTION OF JUVENILE OFFENDERS.

(B) THE PROVISIONS OF SUBSECTION (A)(4) OF THIS SECTION DO NOT APPLY TO VAPORIZING CANNABIS.

36-1103.

(A) (1) A PERSON MAY NOT SELL OR DISTRIBUTE A PRODUCT INTENDED FOR HUMAN CONSUMPTION OR INHALATION THAT CONTAINS MORE THAN 0.5 MILLIGRAMS OF TETRAHYDROCANNABINOL PER SERVING OR 2.5 MILLIGRAMS OF TETRAHYDROCANNABINOL PER PACKAGE UNLESS THE PERSON IS LICENSED UNDER § 36-401 OF THIS TITLE AND THE PRODUCT COMPLIES WITH THE:

(I) MANUFACTURING STANDARDS ESTABLISHED UNDER § 36-203 OF THIS TITLE;

(II) LABORATORY TESTING STANDARDS ESTABLISHED UNDER § 36-203 OF THIS TITLE; AND

(III) PACKAGING AND LABELING STANDARDS ESTABLISHED UNDER § 36-203 OF THIS TITLE.

(2) A PERSON MAY NOT SELL OR DISTRIBUTE A PRODUCT DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO AN INDIVIDUAL UNDER THE AGE OF 21 YEARS.

(B) A PERSON MAY NOT SELL OR DISTRIBUTE A CANNABINOID PRODUCT THAT IS NOT DERIVED FROM NATURALLY OCCURRING BIOLOGICALLY ACTIVE CHEMICAL CONSTITUENTS.

(C) A PERSON WHO VIOLATES SUBSECTION (A) OF THIS SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$5,000.

(D) A PERSON WHO VIOLATES SUBSECTION (B) OF THIS SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$10,000.

SUBTITLE 12. LEGAL PROTECTIONS.

36-1201.

THE FOLLOWING PERSONS ACTING IN ACCORDANCE WITH THE PROVISIONS OF THIS TITLE MAY NOT BE SUBJECT TO ARREST, PROSECUTION, REVOCATION OF MANDATORY SUPERVISION, PAROLE, OR PROBATION, OR ANY CIVIL OR ADMINISTRATIVE PENALTY, INCLUDING A CIVIL PENALTY OR DISCIPLINARY ACTION BY A PROFESSIONAL LICENSING BOARD, OR BE DENIED ANY RIGHT OR PRIVILEGE, FOR THE USE OF OR POSSESSION OF CANNABIS:

(1) A QUALIFYING PATIENT;

(2) A CANNABIS LICENSEE OR CANNABIS REGISTRANT THAT IS LICENSED OR REGISTERED UNDER THIS TITLE;

(3) A CERTIFYING PROVIDER;

(4) A CAREGIVER;

(5) AN ACADEMIC RESEARCH REPRESENTATIVE PURCHASING

MEDICAL CANNABIS UNDER § 36–701 OF THIS TITLE;

(6) A HOSPITAL, MEDICAL FACILITY, OR HOSPICE PROGRAM WHERE A QUALIFYING PATIENT IS RECEIVING TREATMENT; OR

(7) DESIGNATED SCHOOL PERSONNEL AUTHORIZED TO ADMINISTER MEDICAL CANNABIS TO A STUDENT IN ACCORDANCE WITH THE GUIDELINES ESTABLISHED UNDER § 7–446 OF THE EDUCATION ARTICLE UNLESS THE ACT OR OMISSION CONSTITUTES GROSS NEGLIGENCE OR WANTON OR WILLFUL MISCONDUCT.

SUBTITLE 13. CIVIL IMMUNITIES AND LIABILITIES.

36–1301.

(A) EXCEPT AS PROVIDED IN THIS SECTION, NEITHER THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS MAY DENY A BENEFIT, AN ENTITLEMENT, A DRIVER’S LICENSE, A PROFESSIONAL LICENSE, HOUSING ASSISTANCE, SOCIAL SERVICES, OR OTHER BENEFITS BASED ON LAWFUL CANNABIS USE OR FOR THE PRESENCE OF CANNABINOIDS OR CANNABINOID METABOLITES IN THE URINE, BLOOD, SALIVA, BREATH, HAIR, OR OTHER TISSUE OR FLUID OF AN INDIVIDUAL WHO IS AT LEAST 21 YEARS OLD OR A QUALIFYING PATIENT WHO IS UNDER THE AGE OF 21 YEARS.

(B) AN INDIVIDUAL MAY NOT BE DENIED CUSTODY OF OR VISITATION WITH A MINOR FOR ACTING IN ACCORDANCE WITH THIS TITLE, UNLESS THE INDIVIDUAL’S BEHAVIOR CREATES AN UNREASONABLE DANGER TO THE MINOR THAT CAN BE CLEARLY ARTICULATED AND SUBSTANTIATED.

(C) EXCEPT AS PROVIDED IN THIS SECTION, NEITHER THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS MAY DENY EMPLOYMENT OR A CONTRACT TO AN INDIVIDUAL FOR A PRIOR CONVICTION FOR A NONVIOLENT CANNABIS OFFENSE THAT DOES NOT INVOLVE DISTRIBUTION TO MINORS.

(D) FOR THE PURPOSES OF MEDICAL CARE, INCLUDING ORGAN AND TISSUE TRANSPLANTS:

(1) THE USE OF CANNABIS DOES NOT CONSTITUTE THE USE OF AN ILLICIT SUBSTANCE OR OTHERWISE DISQUALIFY AN INDIVIDUAL FROM NEEDED MEDICAL CARE; AND

(2) MAY BE CONSIDERED ONLY WITH RESPECT TO EVIDENCE–BASED CLINICAL CRITERIA.

(E) (1) THIS SECTION DOES NOT PREVENT A GOVERNMENT EMPLOYER FROM DISCIPLINING AN EMPLOYEE OR A CONTRACTOR FOR:

(I) INGESTING CANNABIS IN THE WORKPLACE; OR

(II) WORKING WHILE IMPAIRED BY CANNABIS.

(2) THE PROTECTIONS PROVIDED BY THIS SECTION DO NOT APPLY TO THE EXTENT THAT THEY CONFLICT WITH A GOVERNMENT EMPLOYER'S OBLIGATIONS UNDER FEDERAL LAW OR TO THE EXTENT THAT THEY WOULD DISQUALIFY THE ENTITY FROM A MONETARY OR LICENSING-RELATED BENEFIT UNDER FEDERAL LAW.

(3) THIS SECTION DOES NOT AUTHORIZE ANY PERSON TO ENGAGE IN, AND DOES NOT PREVENT THE IMPOSITION OF ANY CIVIL, CRIMINAL, DISCIPLINE, OR OTHER PENALTIES, INCLUDING DISCIPLINE OR TERMINATION BY A GOVERNMENT EMPLOYER FOR ENGAGING IN ANY TASK WHILE UNDER THE INFLUENCE OF CANNABIS, WHEN DOING SO WOULD CONSTITUTE NEGLIGENCE OR PROFESSIONAL MALPRACTICE.

(F) NOTHING IN THIS SECTION MAY BE CONSTRUED TO PREVENT OR PROHIBIT ANY EMPLOYER FROM DENYING EMPLOYMENT OR A CONTRACT TO AN INDIVIDUAL OR DISCIPLINING AN EMPLOYEE OR A CONTRACTOR FOR TESTING POSITIVE FOR THE PRESENCE OF CANNABINOIDS OR CANNABINOID METABOLITES IN THE URINE, BLOOD, SALIVA, BREATH, HAIR, OR OTHER TISSUE OR FLUID OF THE EMPLOYEE'S OR CONTRACTOR'S BODY, IF THE TEST WAS CONDUCTED IN ACCORDANCE WITH THE EMPLOYER'S ESTABLISHED DRUG TESTING POLICY.

36-1302.

(A) A HOLDER OF A PROFESSIONAL OR OCCUPATIONAL LICENSE MAY NOT BE SUBJECT TO PROFESSIONAL DISCIPLINE FOR PROVIDING ADVICE OR SERVICES RELATED TO CANNABIS ESTABLISHMENTS OR APPLICATIONS TO OPERATE CANNABIS ESTABLISHMENTS ON THE BASIS THAT CANNABIS IS ILLEGAL UNDER FEDERAL LAW.

(B) AN APPLICANT FOR A PROFESSIONAL OR OCCUPATIONAL LICENSE MAY NOT BE DENIED A LICENSE BASED ON PREVIOUS EMPLOYMENT RELATED TO CANNABIS ESTABLISHMENTS OPERATING IN ACCORDANCE WITH STATE LAW.

36-1303.

AN AGENCY OR A POLITICAL SUBDIVISION OF THE STATE MAY NOT RELY ON A VIOLATION OF FEDERAL LAW RELATED TO CANNABIS AS THE SOLE BASIS FOR TAKING AN ADVERSE ACTION AGAINST A PERSON.

36-1304.

(A) IT IS THE PUBLIC POLICY OF THE STATE THAT CONTRACTS RELATED TO THE OPERATION OF A CANNABIS ESTABLISHMENT LICENSED IN ACCORDANCE WITH THIS SUBTITLE ARE ENFORCEABLE.

(B) IT IS THE PUBLIC POLICY OF THE STATE THAT NO CONTRACT ENTERED INTO BY A LICENSED CANNABIS ESTABLISHMENT OR ITS AGENTS AS AUTHORIZED IN ACCORDANCE WITH A VALID LICENSE, OR BY THOSE WHO ALLOW PROPERTY TO BE USED BY A CANNABIS ESTABLISHMENT, ITS EMPLOYEES, OR ITS AGENTS AS AUTHORIZED IN ACCORDANCE WITH A VALID LICENSE, SHALL BE UNENFORCEABLE ON THE BASIS THAT CULTIVATING, OBTAINING, MANUFACTURING, DISTRIBUTING, DISPENSING, TRANSPORTING, SELLING, POSSESSING, OR USING CANNABIS IS PROHIBITED BY FEDERAL LAW.

SUBTITLE 14. CAPITAL ACCESS PROGRAM.

36-1401.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "BORROWER" MEANS A BUSINESS THAT:

(1) QUALIFIES AS A SMALL BUSINESS UNDER THE U.S. SMALL BUSINESS ADMINISTRATION SIZE STANDARDS;

(2) APPLIES TO A LENDER FOR BUSINESS FINANCING; AND

(3) HAS FEWER THAN 50 EMPLOYEES.

(C) "LENDER" MEANS:

(1) A CREDIT UNION, AS DEFINED IN § 1-101 OF THE FINANCIAL INSTITUTIONS ARTICLE;

(2) A FINANCIAL INSTITUTION, AS DEFINED IN § 1-101 OF THE FINANCIAL INSTITUTIONS ARTICLE; OR

(3) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION, AS

DEFINED IN 12 U.S.C. § 4702(5).

(D) “PROGRAM” MEANS THE CAPITAL ACCESS PROGRAM ESTABLISHED UNDER THIS SUBTITLE.

36-1402.

THERE IS A CAPITAL ACCESS PROGRAM IN THE DEPARTMENT OF COMMERCE.

36-1403.

THE PURPOSE OF THE PROGRAM IS TO STIMULATE OPPORTUNITIES FOR SOCIAL EQUITY LICENSEES THAT HAVE DIFFICULTY OBTAINING FINANCING AND TO ESTABLISH A LOAN LOSS RESERVE ACCOUNT.

36-1404.

(A) A LOAN TO A SOCIAL EQUITY LICENSEE QUALIFIES UNDER THE PROGRAM IF THE LOAN:

- (1) SATISFIES THE LENDING CRITERIA OF THE FINANCIAL INSTITUTION;
- (2) HAS A TERM NOT EXCEEDING 10 YEARS; AND
- (3) DOES NOT EXCEED \$500,000.

(B) A LOAN THAT QUALIFIES UNDER SUBSECTION (A) OF THIS SECTION MAY BE SHORT OR LONG TERM, HAVE FIXED OR VARIABLE RATES, AND BE SECURED OR UNSECURED.

36-1405.

(A) IF A LENDER WOULD LIKE TO PARTICIPATE IN THE PROGRAM, THE LENDER MUST ENROLL THE QUALIFYING LOAN IN THE PROGRAM NOT MORE THAN 30 DAYS AFTER THE DATE OF THE FIRST DISBURSEMENT OF THE LOAN.

(B) A LENDER MAY ENROLL ALL OR A PORTION OF A QUALIFYING LOAN IN AN AMOUNT OF NOT MORE THAN \$500,000.

36-1406.

(A) THE DEPARTMENT SHALL ESTABLISH A LOAN LOSS RESERVE ACCOUNT

FOR A LENDER WHEN THE LENDER ENROLLS ITS FIRST LOAN UNDER THE PROGRAM.

(B) AT THE TIME OF ENROLLMENT:

(1) THE BORROWER SHALL MAKE A PAYMENT TO THE ACCOUNT OF BETWEEN 0% AND 7% OF THE ENROLLED LOAN AMOUNT;

(2) THE LENDER SHALL MAKE A PAYMENT TO THE ACCOUNT OF AT LEAST 2% OF THE ENROLLED AMOUNT; AND

(3) THE DIVISION SHALL MAKE A MATCHING PAYMENT TO THE ACCOUNT IN AN AMOUNT EQUAL TO THE BORROWER AND LENDER'S AGGREGATE PAYMENT UNDER ITEMS (1) AND (2) OF THIS SUBSECTION.

(C) THE LOAN LOSS RESERVE ACCOUNT OF A LENDER SHALL BE AVAILABLE FOR THE LENDER TO WITHDRAW IF A BORROWER DEFAULTS ON A QUALIFYING LOAN.

(D) THE DEPARTMENT SHALL COLLABORATE WITH THE OFFICE OF SOCIAL EQUITY ESTABLISHED UNDER § 1-309.1 OF THIS ARTICLE TO IDENTIFY AND ASSIST BUSINESSES WITH OBTAINING FINANCING FROM THE PROGRAM.

(E) THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR A LENDER TO WITHDRAW FROM THE PROGRAM.

SUBTITLE 15. BANKING AND INSURANCE.

36-1501.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "CANNABIS-RELATED LEGITIMATE BUSINESS" MEANS A MANUFACTURER, PRODUCER, OR ANOTHER PERSON THAT:

(1) PARTICIPATES IN ANY BUSINESS OR ORGANIZED ACTIVITY THAT INVOLVES HANDLING CANNABIS OR CANNABIS PRODUCTS, INCLUDING CULTIVATING, PRODUCING, MANUFACTURING, SELLING, TRANSPORTING, DISPLAYING, DISPENSING, DISTRIBUTING, OR PURCHASING CANNABIS OR CANNABIS PRODUCTS; AND

(2) ENGAGES IN AN ACTIVITY DESCRIBED IN ITEM (1) OF THIS SUBSECTION IN ACCORDANCE WITH STATE LAW.

(C) (1) "SERVICE PROVIDER" MEANS:

(I) A BUSINESS, AN ORGANIZATION, OR ANY OTHER PERSON THAT:

1. SELLS GOODS OR SERVICES TO A CANNABIS-RELATED LEGITIMATE BUSINESS; OR

2. PROVIDES ANY BUSINESS SERVICES, INCLUDING THE SALE OR LEASE OF REAL OR ANY OTHER PROPERTY, LEGAL OR OTHER LICENSED SERVICES, OR ANY OTHER ANCILLARY SERVICE, RELATING TO CANNABIS.

(2) "SERVICE PROVIDER" DOES NOT INCLUDE A BUSINESS, AN ORGANIZATION, OR ANY OTHER PERSON THAT PARTICIPATES IN ANY BUSINESS OR ORGANIZED ACTIVITY THAT INVOLVES HANDLING CANNABIS OR CANNABIS PRODUCTS, INCLUDING CULTIVATING, PRODUCING, MANUFACTURING, SELLING, TRANSPORTING, DISPLAYING, DISPENSING, DISTRIBUTING, OR PURCHASING CANNABIS OR CANNABIS PRODUCTS.

36-1502.

THE PROVISIONS IN THIS SUBTITLE APPLY TO:

(1) ALL BANKS, CREDIT UNIONS, AND OTHER ENTITIES OPERATING AS DEPOSITORY INSTITUTIONS IN THE STATE; AND

(2) INSURANCE COMPANIES AND INSURANCE PRODUCERS OPERATING IN THE STATE.

36-1503.

(A) THE STATE BANKING REGULATOR MAY NOT:

(1) TERMINATE OR LIMIT THE DEPOSIT INSURANCE OR SHARE INSURANCE OF A DEPOSITORY INSTITUTION UNDER THE FEDERAL DEPOSIT INSURANCE ACT OR THE FEDERAL CREDIT UNION ACT, A DEPOSITORY INSTITUTION OPERATING IN THE STATE UNDER THE FINANCIAL INSTITUTIONS ARTICLE, OR TAKE ANY OTHER ADVERSE ACTION AGAINST A DEPOSITORY INSTITUTION UNDER 12 U.S.C. § 1818 SOLELY BECAUSE THE DEPOSITORY INSTITUTION PROVIDES OR HAS PROVIDED FINANCIAL SERVICES TO A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER;

(2) PROHIBIT, PENALIZE, OR OTHERWISE DISCOURAGE A DEPOSITORY INSTITUTION FROM PROVIDING FINANCIAL SERVICES TO A

CANNABIS-RELATED LEGITIMATE BUSINESS IN THE STATE;

(3) RECOMMEND, INCENTIVIZE, OR ENCOURAGE A DEPOSITORY INSTITUTION NOT TO OFFER FINANCIAL SERVICES TO AN ACCOUNT HOLDER, OR TO DOWNGRADE OR CANCEL THE FINANCIAL SERVICES OFFERED TO AN ACCOUNT HOLDER SOLELY BECAUSE:

(I) THE ACCOUNT HOLDER IS A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER, OR IS AN EMPLOYEE, OWNER, OR OPERATOR OF A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER;

(II) THE ACCOUNT HOLDER LATER BECOMES AN EMPLOYEE, OWNER, OR OPERATOR OF A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER; OR

(III) THE DEPOSITORY INSTITUTION WAS NOT AWARE THAT THE ACCOUNT HOLDER IS AN EMPLOYEE, OWNER, OR OPERATOR OF A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER;

(4) TAKE ANY ADVERSE OR CORRECTIVE SUPERVISORY ACTION ON A LOAN MADE TO:

(I) A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER SOLELY BECAUSE THE BUSINESS IS A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER;

(II) AN EMPLOYEE, OWNER, OR OPERATOR OF A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER SOLELY BECAUSE THE EMPLOYEE, OWNER, OR OPERATOR IS EMPLOYED BY, OWNS, OR OPERATES A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER, AS APPLICABLE; OR

(III) AN OWNER OR OPERATOR OF REAL ESTATE OR EQUIPMENT THAT IS LEASED TO A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER SOLELY BECAUSE THE OWNER OR OPERATOR OF THE REAL ESTATE OR EQUIPMENT LEASED THE EQUIPMENT OR REAL ESTATE TO A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER, AS APPLICABLE; OR

(5) PROHIBIT OR PENALIZE A DEPOSITORY INSTITUTION, OR AN ENTITY PERFORMING A FINANCIAL SERVICE FOR OR IN ASSOCIATION WITH A DEPOSITORY INSTITUTION, OR OTHERWISE DISCOURAGE A DEPOSITORY INSTITUTION, OR AN ENTITY PERFORMING A FINANCIAL SERVICE FOR OR IN

ASSOCIATION WITH A DEPOSITORY INSTITUTION, FROM ENGAGING IN A FINANCIAL SERVICE FOR A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER.

(B) SUBSECTION (A) OF THIS SECTION SHALL APPLY TO AN INSTITUTION APPLYING FOR A DEPOSITORY INSTITUTION CHARTER TO THE SAME EXTENT AS IT APPLIES TO A DEPOSITORY INSTITUTION.

36-1504.

FOR THE PURPOSES OF TITLE 18 U.S.C. §§ 1956 AND 1957 AND ALL OTHER PROVISIONS OF FEDERAL LAW, THE PROCEEDS FROM A TRANSACTION INVOLVING ACTIVITIES OF A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER MAY NOT BE CONSIDERED PROCEEDS FROM AN UNLAWFUL ACTIVITY SOLELY BECAUSE:

(1) THE TRANSACTION INVOLVES PROCEEDS FROM A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER; OR

(2) THE TRANSACTION INVOLVES PROCEEDS FROM:

(I) CANNABIS-RELATED ACTIVITIES CONDUCTED BY A CANNABIS-RELATED LEGITIMATE BUSINESS; OR

(II) ACTIVITIES CONDUCTED BY A SERVICE PROVIDER.

36-1505.

(A) WITH RESPECT TO PROVIDING A FINANCIAL SERVICE TO A CANNABIS-RELATED LEGITIMATE BUSINESS OR A SERVICE PROVIDER, A DEPOSITORY INSTITUTION, ENTITY PERFORMING A FINANCIAL SERVICE FOR OR IN ASSOCIATION WITH A DEPOSITORY INSTITUTION, OR INSURER THAT PROVIDES A FINANCIAL SERVICE TO A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER, AND THE OFFICERS, DIRECTORS, AND EMPLOYEES OF THAT DEPOSITORY INSTITUTION, ENTITY, OR INSURER MAY NOT BE HELD LIABLE UNDER ANY STATE LAW OR REGULATION:

(1) SOLELY FOR PROVIDING THE FINANCIAL SERVICE; OR

(2) FOR FURTHER INVESTING ANY INCOME DERIVED FROM THE FINANCIAL SERVICE.

(B) AN INSURER THAT ENGAGES IN THE BUSINESS OF INSURANCE WITH A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER OR THAT

OTHERWISE ENGAGES WITH A PERSON IN A TRANSACTION ALLOWED UNDER STATE LAW RELATED TO CANNABIS, AND THE OFFICERS, DIRECTORS, AND EMPLOYEES OF THAT INSURER MAY NOT BE HELD LIABLE UNDER STATE LAW OR REGULATION:

(1) SOLELY FOR ENGAGING IN THE BUSINESS OF INSURANCE; OR

(2) FOR FURTHER INVESTING ANY INCOME DERIVED FROM THE BUSINESS OF INSURANCE.

(C) A DEPOSITORY INSTITUTION THAT HAS A LEGAL INTEREST IN THE COLLATERAL FOR A LOAN OR ANOTHER FINANCIAL SERVICE PROVIDED TO AN OWNER, EMPLOYEE, OR OPERATOR OF A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER, OR TO AN OWNER OR OPERATOR OF REAL ESTATE OR EQUIPMENT THAT IS LEASED OR SOLD TO A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER, MAY NOT BE SUBJECT TO CRIMINAL, CIVIL, OR ADMINISTRATIVE FORFEITURE OF THAT LEGAL INTEREST UNDER STATE LAW FOR PROVIDING THE LOAN OR OTHER FINANCIAL SERVICE.

36-1506.

(A) THIS SUBTITLE DOES NOT REQUIRE A DEPOSITORY INSTITUTION, ENTITY PERFORMING A FINANCIAL SERVICE FOR OR IN ASSOCIATION WITH A DEPOSITORY INSTITUTION, OR INSURER TO PROVIDE FINANCIAL SERVICES TO A CANNABIS-RELATED LEGITIMATE BUSINESS, SERVICE PROVIDER, OR ANY OTHER BUSINESS.

(B) THIS SUBTITLE MAY NOT BE CONSTRUED TO LIMIT OR OTHERWISE RESTRICT THE GENERAL EXAMINATION, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE STATE BANKING REGULATOR, PROVIDED THAT THE BASIS FOR ANY SUPERVISORY OR ENFORCEMENT ACTION IS NOT THE PROVISION OF FINANCIAL SERVICES TO A CANNABIS-RELATED LEGITIMATE BUSINESS OR SERVICE PROVIDER.

(C) THIS SUBTITLE MAY NOT BE CONSTRUED TO INTERFERE WITH THE REGULATION OF THE BUSINESS OF INSURANCE.

36-1507.

THE STATE MAY NOT COOPERATE OR AID FEDERAL LAW ENFORCEMENT AUTHORITIES ATTEMPTING TO PROSECUTE FINANCIAL INSTITUTIONS THAT ARE LAWFULLY OPERATING WITHIN THE CONFINES OF THIS SUBTITLE.

Article – Tax – General

2-1302.2.

AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 2-1301 THROUGH 2-1302.1 OF THIS SUBTITLE, OF THE SALES AND USE TAX COLLECTED UNDER § 11-104(K) OF THIS ARTICLE FROM THE SALE OF CANNABIS FROM A DISPENSARY TO A CONSUMER UNDER TITLE 36 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE, THE COMPTROLLER SHALL DISTRIBUTE:

(1) TO THE CANNABIS REGULATION AND ENFORCEMENT FUND, ESTABLISHED UNDER § 36-206 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE, AN AMOUNT NECESSARY TO DEFRAY THE ENTIRE COST OF THE OPERATION OF THE CANNABIS REGULATION AND ENFORCEMENT DIVISION ESTABLISHED UNDER TITLE 36 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE;

(2) 30% TO THE COMMUNITY REINVESTMENT AND REPAIR FUND UNDER § 1-322 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE FOR FISCAL YEARS 2024 THROUGH 2033;

(3) 1.5% TO COUNTIES AND MUNICIPALITIES, WHICH SHALL BE ALLOCATED TO EACH JURISDICTION BASED ON THE PERCENTAGE OF REVENUE COLLECTED FROM THAT JURISDICTION;

(4) 1.5% TO THE CANNABIS PUBLIC HEALTH FUND ESTABLISHED UNDER § 13-4505 OF THE HEALTH – GENERAL ARTICLE;

(5) FOR FISCAL YEARS 2024 THROUGH 2028, 1.5% TO THE CANNABIS BUSINESS ASSISTANCE FUND ESTABLISHED UNDER § 5-1901 OF THE ECONOMIC DEVELOPMENT ARTICLE; AND

(6) ANY BALANCE REMAINING AFTER THE DISTRIBUTIONS REQUIRED UNDER PARAGRAPHS (1) THROUGH (5) OF THIS SECTION TO THE GENERAL FUND OF THE STATE.

2-1303.

After making the distributions required under §§ 2-1301 through [2-1302.1] 2-1302.2 of this subtitle, the Comptroller shall pay:

(1) revenues from the hotel surcharge into the Dorchester County Economic Development Fund established under § 10-130 of the Economic Development Article;

(2) to the Blueprint for Maryland's Future Fund established under § 5-206 of the Education Article, the following percentage of the remaining sales and use tax

revenues:

- (i) for fiscal year 2023, 9.2%;
 - (ii) for fiscal year 2024, 11.0%;
 - (iii) for fiscal year 2025, 11.3%;
 - (iv) for fiscal year 2026, 11.7%; and
 - (v) for fiscal year 2027 and each fiscal year thereafter, 12.1%; and
- (3) the remaining sales and use tax revenue into the General Fund of the State.

11-104.

(K) THE SALES AND USE TAX RATE FOR THE SALE OF CANNABIS FROM A DISPENSARY TO A CONSUMER UNDER TITLE 36 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE IS AS FOLLOWS:

- (1) FOR FISCAL YEAR 2024, 6%;**
- (2) FOR FISCAL YEAR 2025, 7%;**
- (3) FOR FISCAL YEAR 2026, 8%;**
- (4) FOR FISCAL YEAR 2027, 9%; AND**
- (5) FOR FISCAL YEAR 2028 AND EACH FISCAL YEAR THEREAFTER, 10%.**

11-245.

THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF:

- (1) MEDICAL CANNABIS UNDER TITLE 36 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE; OR**
- (2) CANNABIS BETWEEN CANNABIS ESTABLISHMENTS THAT ARE LICENSED UNDER TITLE 36 OF THE ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE.**

Article – Economic Development

5–1901.

(a) (1) In this section[,] **THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(2) “Fund” means the Cannabis Business Assistance Fund.

(3) (I) **“PERSONAL NET WORTH” MEANS THE NET VALUE OF THE ASSETS OF AN INDIVIDUAL REMAINING AFTER TOTAL LIABILITIES ARE DEDUCTED, INCLUDING THE INDIVIDUAL’S SHARE OF ASSETS HELD JOINTLY OR AS COMMUNITY PROPERTY WITH THE INDIVIDUAL’S SPOUSE.**

(II) **“PERSONAL NET WORTH” DOES NOT INCLUDE:**

1. **THE INDIVIDUAL’S OWNERSHIP INTEREST IN THE APPLICANT;**

2. **THE INDIVIDUAL’S EQUITY IN THE INDIVIDUAL’S PRIMARY PLACE OF RESIDENCE; OR**

3. **THE CASH VALUE OF ANY QUALIFIED RETIREMENT SAVINGS PLANS OR INDIVIDUAL RETIREMENT ACCOUNTS.**

(b) There is a Cannabis Business Assistance Fund.

(c) The purpose of the Fund is to assist small, minority–owned, and women–owned businesses entering the adult–use cannabis industry.

(d) The Department shall administer the Fund.

(e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(f) The Fund consists of:

(1) money appropriated in the State budget to the Fund; [and]

(2) **REVENUE DISTRIBUTED TO THE FUND IN ACCORDANCE WITH § 2–1302.2 OF THE TAX – GENERAL ARTICLE; AND**

(3) any other money from any other source accepted for the benefit of the Fund.

(g) (1) Subject to paragraph (2) of this subsection, the Fund may be used only for:

(i) grants or loans to small, minority-owned, or women-owned businesses for:

1. license application assistance for participation in the adult-use cannabis industry;

2. assistance with the operating or capital expenses of a business participating in the adult-use cannabis industry; or

3. targeted training to support participation in the adult-use cannabis industry; and

(ii) grants to historically black colleges and universities for cannabis-related programs and business development organizations, including incubators, to train and assist small, minority, and women business owners and entrepreneurs seeking to become licensed to participate in the adult-use cannabis industry.

(2) The Department:

(i) shall prioritize awarding grants and loans in accordance with paragraph (1) of this subsection to:

1. populations that have been historically disproportionately impacted by the enforcement of laws criminalizing the use of cannabis; and

2. individuals who have been convicted of a violation of a law criminalizing the use of cannabis; and

(ii) may not award grants or loans to small, minority, and women business owners and entrepreneurs with a personal net worth exceeding \$1,700,000.

(3) In order to award grants and loans in accordance with paragraph (1) of this subsection, the Department shall develop partnerships with:

(i) traditional minority-serving institutions in the State and surrounding jurisdictions, including historically black colleges and universities;

(ii) trade associations representing minority and women-owned businesses; and

(iii) the Governor's Office of Small, Minority, and Women Business Affairs.

(h) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Fund shall be credited to the Fund.

(i) Expenditures from the Fund may be made only in accordance with the State budget.

Article – State Finance and Procurement

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

170. the Cannabis Public Health Fund; [and]

171. the Community Reinvestment and Repair Fund;

172. THE CANNABIS REGULATION AND ENFORCEMENT FUND; AND

173. THE MEDICAL CANNABIS COMPASSIONATE USE FUND.

Article – Health – General

13–4505.

(a) There is a Cannabis Public Health Fund.

(b) The purpose of the Fund is to provide funding to address the health effects associated with the legalization of adult–use cannabis.

(c) The Department shall administer the Fund.

(d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(e) The Fund consists of:

(1) Revenue distributed to the Fund based on revenues from adult-use cannabis;

(2) Money appropriated in the State budget to the Fund; [and]

(3) REVENUE DISTRIBUTED TO THE FUND IN ACCORDANCE WITH § 2-1302.2 OF THE TAX – GENERAL ARTICLE; AND

~~(3)~~ (4) Any other money from any other source accepted for the benefit of the Fund.

(f) The Fund may be used only for:

(1) Supporting the Advisory Council in performing its duties;

(2) Supporting data collection and research on the effects of cannabis legalization in the State;

(3) Providing funding for education and public awareness campaigns related to cannabis use, including funding for educational programs to be used in schools;

(4) Supporting substance use disorder counseling and treatment for individuals;

(5) Training and equipment for law enforcement to recognize impairments due to cannabis; and

(6) Purchasing technology proven to be effective at measuring cannabis levels in drivers.

(g) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Fund shall be credited to the Fund.

(h) Expenditures from the Fund may be made only in accordance with the State budget.

SECTION 5. AND BE IT FURTHER ENACTED, That Article – Alcoholic Beverages of the Annotated Code of Maryland be renamed to be Article – Alcoholic Beverages and Cannabis.

SECTION 6. AND BE IT FURTHER ENACTED, That:

(a) The transfer of the Maryland Medical Cannabis Commission personnel to the Alcohol, Tobacco, and Cannabis Commission to oversee the regulation of cannabis under this Act shall be conducted in a manner that will minimize the costs of the transfer and will result in a more cost-efficient operation for the regulation of cannabis for the protection of the public health, safety, and welfare of the State.

(b) The Cannabis Regulation and Enforcement Division of the Office of the Executive Director of the Alcohol, Tobacco, and Cannabis Commission is the successor of the Maryland Medical Cannabis Commission in matters concerning the regulation of medical cannabis.

(c) In every law, executive order, rule, regulation, policy, or document created by an official, an employee, or a unit of this State, the names and titles of those agencies and officials mean the names and titles of the successor agency or official.

SECTION 7. AND BE IT FURTHER ENACTED, That all persons who, as of June 30, 2023, are merit employees or contract staff in budgeted positions of the Maryland Medical Cannabis Commission and whose positions are transferred to the Cannabis Regulation and Enforcement Division of the Office of the Executive Director of the Alcohol, Tobacco, and Cannabis Commission to oversee, the regulation of cannabis provided by this Act, are hereby transferred to the Cannabis Regulation and Enforcement Division of the Office of the Executive Director of the Alcohol, Tobacco, and Cannabis Commission without any change or loss of rights, pay, working conditions, benefits, rights, or status, and shall retain any merit system and retirement status they may have on the date of transfer.

SECTION 8. AND BE IT FURTHER ENACTED, That the balance of the Natalie M. LaPrade Medical Cannabis Fund on the date immediately preceding the date this Act takes effect shall be credited to the Cannabis Regulation and Enforcement Fund, and that any funds credited to the Cannabis Regulation and Enforcement Fund may be used to cover the costs of implementing this Act and regulating the cannabis industry in Maryland.

SECTION 9. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, from the date this Act takes effect to December 31, 2023, both inclusive, the Commission is exempt from procurement requirements under the State Finance and Procurement Article if the procurement is for:

- (1) banking services for the Division to collect fees and tax revenue;
- (2) banking services to help support cannabis businesses to transition from an all cash system;
- (3) a consultant to support the Division in the process for cannabis licensure, including services related to investigations and the financial or criminal history review of applicants; and

- (4) a consultant to provide technical assistance to social equity applicants.

SECTION 10. AND BE IT FURTHER ENACTED, That:

(a) To the extent practicable and authorized by the U.S. Constitution, a cannabis licensee shall comply with the State's Minority Business Enterprise Program.

(b) On or before 6 months after the issuance of a cannabis license under § 36–401 of the Alcoholic Beverages and Cannabis Article, the Governor's Office of Small, Minority, and Women Business Affairs, in consultation with the Office of the Attorney General and the Office of Social Equity within the Alcohol, Tobacco, and Cannabis Commission and the cannabis licensee, shall establish a clear plan for setting reasonable and appropriate minority business enterprise participation goals and procedures for the procurement of goods and services related to cannabis, including the cultivation, manufacturing, and dispensing of cannabis.

(c) To the extent practicable, the goals and procedures specified in subsection (b) of this section shall be based on the requirements of Title 14, Subtitle 3 of the State Finance and Procurement Article and the regulations implementing that subtitle.

SECTION 11. AND BE IT FURTHER ENACTED, That:

(a) (1) As soon as practicable after the effective date of this Act, the Cannabis Regulation and Enforcement Division established under § 36–201 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 of this Act, shall issue a license to operate as a cannabis grower under Title 36, Subtitle 4 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 of this Act, to one applicant that is a recognized class member of *Pigford v. Glickman*, 185 F.R.D. 82 (D.D.C. 1999), or *In Re Black Farmers Litig.*, 856 F. Supp. 2d 1 (D.D.C. 2011).

(2) An applicant awarded a license under paragraph (1) of this subsection may subsequently apply for and be awarded a license to operate as a cannabis processor under Title 36, Subtitle 4 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 of this Act.

(b) Notwithstanding any other provision of law, a license issued under subsection (a) of this section is in addition to and not subject to the limitations on the total number of licenses that the Division may issue under Title 36, Subtitle 4 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 of this Act.

(c) If an applicant for a license to operate as a cannabis grower that is a recognized class member is not awarded a license under subsection (a) of this section:

(1) the applicant may apply for a license in accordance with the provisions of Title 36 of the Alcoholic Beverages and Cannabis Article, as enacted by Section 4 of this Act;

(2) the Division shall allow the applicant to amend, if necessary, and resubmit the applicant's application or withdraw the application entirely; and

(3) the Division may waive the initial application fee for the applicant but may charge the applicant a reasonable fee for the resubmission or an unamended or amended application.

SECTION 12. AND BE IT FURTHER ENACTED, That the publisher of the Annotated Code of Maryland, in consultation with and subject to the approval of the Department of Legislative Services, shall correct, with no further action required by the General Assembly, cross-references and terminology rendered incorrect by this Act. The publisher shall adequately describe any correction that is made in an editor's note following the section affected.

SECTION 13. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a ye and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.